TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD MEETING

Thursday, April 12, 2012
Room 1B.1
Building 150
200 East Riverside Drive
Austin, Texas

BOARD MEMBERS:

Victor Vandergriff, Chair
Laura Ryan, Vice Chair (not present)
Blake Ingram
Cheryl E. Johnson
Raymond Palacios
Victor Rodriguez (not present)
Marvin Rush (not present)
Johnny Walker

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PROCEEDINGS

MR. VANDERGRIFF: Good morning. My name is
Victor Vandergriff, and I'm pleased to welcome you here
today to the meeting of the Board of the Department of
Motor Vehicles. I'm now calling the meeting for April 12,
2012 of the Board of the Texas Department of Motor
Vehicles to order, and I want to note for the record that
the public notice of this meeting, containing all items on
the agenda, was filed with the Office of Secretary of
State on April 4, 2012.

Before we begin today's meeting, please place all cell phones and other communication devices in the silent mode.

And if you wish to address the board during today's meeting, please complete a speaker's card at the registration table in the back of the room. To comment on an agenda item, please complete a yellow card and identify the agenda item. If it is not an agenda item, we will take your comments up during the public portion of the meeting.

And now I'd like to have a roll call, please, of the board members.

Board Member Ingram?

MR. INGRAM: Present.

MR. VANDERGRIFF: Board Member Johnson?

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MS. JOHNSON: Present. 1 MR. VANDERGRIFF: Board Member Palacios? 2 3 MR. PALACIOS: Present. MR. VANDERGRIFF: Board Member Walker? 4 MR. WALKER: Here. 5 6 MR. VANDERGRIFF: And let the record reflect that I, Victor Vandergriff, am here as well. We do have a 7 8 quorum. Absent today are Board Members Rodriquez, Rush 9 and Ryan. 10 With that, I want to note for the audience that we do have, I think, an unusual amount of folks here to 11 12 testify on one particular item, it is on agenda item 13 4.A.3, registered to speak or in support thereof and more keep coming. Under these circumstances, because we have a 14 15 full house, we are going to change the order of our 16 meeting. We're going to take up first agenda item 5.F 17 which is the approval of specialty plates designs, Mr. Randy Elliston, and then we'll move to agenda item 4 and 18

Mr. Elliston.

here for this item.

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MR. ELLISTON: Good morning, Mr. Chairman and members. My name is Randy Elliston. I'm the director of the Vehicle Titles and Registration Division.

proceed accordingly through that, and then come back after

that to items 2 and 3 in the interest of the crowd that's

1	The state's specialty plate vendor is
2	requesting approval of one specialty plate design, and the
3	Texas section of the American Water Works Association is
4	requesting approval of one non-vendor specialty plate
5	design to be administered by the Texas Higher Education
6	Board. Each plate design is included in your briefing
7	book; we also have both of them posted here on the easel
8	to your right.
9	These plate designs have passed legibility and
10	reflectivity testing and the designs are in compliance
11	with Texas Statute and any applicable contractual
12	requirements.
13	I request that you approve these plates for us
14	to move forward with production on them.
15	MR. VANDERGRIFF: I'd be pleased to entertain a
16	motion from the board.
17	MR. INGRAM: I move that we approve the plates
18	as designed.
19	MR. VANDERGRIFF: We have a motion from Mr.
20	Ingram. Do we have a second?
21	MS. JOHNSON: I'll second it.
22	MR. VANDERGRIFF: A second from Ms. Johnson.
23	All those in favor, please raise your right hand in
24	support of the motion.

(A show of hands.)

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MR. VANDERGRIFF: All those opposed.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries three to two with Board Members Walker, Ingram and Vandergriff voting for it, and Board Members Palacios and Johnson voting against it.

I failed to mention this earlier, and hopefully this is an okay time to do this, but we do have under 5.C board committee updates, and the Projects and Operations Committee, I'm wondering since we did have a significant amount of discussion this last week at that board committee meeting on the specialty plates if it might be an appropriate point for you, Mr. Walker, to update the rest of the board as to what occurred at that. And Mr. Elliston, please chime in as well.

MR. WALKER: Thank you, Mr. Chairman.

The Projects and Operations Committee met last Friday, even though we forgot it was Good Friday, we'd already scheduled the meeting so we went ahead and had it on April 6 at the regional offices in Houston, Texas of the Department of Motor Vehicles.

The first item on the agenda that we talked about was the license plate standards. We had a robust conversation for probably an hour and a half on this particular item, and Mr. Elliston, the director of VTL

spent numerous hours going over the statutes and rules to come up with a more simplified version that we could use as a guideline going forward for the agency so that we have a clear understanding of what statute and what rules require for us to use and the public to use, and our private and specialty vendor also, the My Plates company. So we got a clear understanding of that.

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Each of you has been provided with a copy of the new standard book here that we went over, and if you'll look, each one of you has what's called License Plate Specifications in front of you. There's two copies of it, one is the original copy and one of them is the redline copy where we're making some changes to those that the committee came up with at that time at that meeting.

What I would like to do is offer the specification document to the board and the committee has approved it and we would like to get the blessing of the board to move forward and to use this as a living and working document for the agency. I guess we could call right now for a vote that the board accept this document.

Do we need a motion?

 $$\operatorname{MR.}$ INGRAM: I'll make a motion that we accept the document.

MS. JOHNSON: I'll second that.

MR. VANDERGRIFF: We have a motion to accept

the License Plate Specifications as amended and presented 1 to us for April 12, 2012. That's a motion from Director 3 Ingram, second from Director Johnson. Do we have any questions, comments? 4 5 (No response.) 6 MR. VANDERGRIFF: All those in favor of approving these specifications, please raise your right 7 hand. 8 (A show of hands.) 9 10 MR. VANDERGRIFF: All those opposed. 11 (No response.) MR. VANDERGRIFF: The motion carries 12 13 unanimously of the board members present. Board members, as we've noted, Rush, Ryan and Rodriguez are absent to day 14 15 as well. 16 I do want to note and thank very much the hard 17 work over many months that the department and My Plates specialty vendor particularly have worked on this, and 18 19 appreciate Mr. Walker's leadership and the committee. And I know it was a challenge to meet on Good Friday but thank 20 you for the effort to move this forward. 21 22 MR. WALKER: Do you want me to give the full committee report right now all the way through? 2.3

MR. VANDERGRIFF: Why don't we reserve that for

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later. Is that okay?

MR. WALKER: That's fine. I failed to make one comment at the plate standards that we came up with is that we have three bodies in the state. We have the standard issue plate, and I'd like to report the standard issue plate that has been accepted already by the board the status of that. That plate is currently waiting to go into production probably in July. The reason that we are not in production on that on the new white plate moving forward is because the inventory is still sustainable till about that point in time. We didn't want to throw out any of the old license plates, so you'll see the new plates coming out probably in July on cars you see up and down the highway.

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The other thing is that we have three types of plates: the state-issued plate, the specialty plate issued by the state, and the specialty by the third party vendor that the state has which is the May Plates company. On the state-issued specialty plate we made a change in the specifications, and one of the reasons it was such a long, drawn out meeting was that the statute requires — it was finally debated as to whether or not the silhouette would be required or not required because the statute says that it may be excluded. And we had always taken position that that means that it can or it cannot be on there, but Chief Rodriguez took the approach that may be

excluded means that it should be on the license plate in the alpha-numeric patterning of the license plate, and so the committee voted unanimously to exclude the silhouette from the alpha-numeric portion of the license plate going forward.

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So the state will now not be able to use the silhouette, the Texas silhouette in the corner of that license plate will not be able to be used anymore on specialty plates in the state for personalized plates unless it is on the corner portions of the plate. You'll see up in the corner right there the Texas flag on the state silhouette there. We consider that to be graphic artwork and design on the plate so it will still be allowed in those positions but it will not be allowed on the alpha-numeric portion on the region of interest number one which is the primary view of the license plate.

And the reason that Member Rush wanted to exclude that was because it allows us to have another character in the license plate to use for alpha-numeric coding, so it was the consensus of the committee to exclude the silhouette going forward on all specialty license plates. And I wanted to make sure that the board knew that and that the public knew that.

Yes, ma'am.

MS. JOHNSON: For clarification, because

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obviously I've been in on one of those votes and it was very confusing because we didn't what to have to require it, the may be got clarified in the first motion. Using it in the alpha-numeric, I'm not sure that that was a unanimous vote.

MR. WALKER: Yes, it is. It was unanimous and it was clarified at the end that the silhouette is only excluded from the alpha-numeric portion of the license plate. It is still allowed in the graphic design of the plate, such as those two plates that you right over there that have the silhouette in them. Those are third party plates from our third party vendor, and they're totally excluded from everything because of the statute, but the state specialty plate, we can still use the silhouette in the graphics in the graphics, in the designs, it cannot be in the alpha-numeric.

MR. ELLISTON: Again, Randy Elliston, director of Vehicle Titles and Registration.

Currently, before this change was made, the statute said that for specialty plates, whether they're our state plate or our vendor plate, that the silhouette may be omitted so it's not required. It is required in statute for our general issue plate, it's required to be in the plate pattern. On specialties it may be excluded, and that's primarily for personalization and those kinds

of things. But we left it optional for an individual if 1 they wanted to use it like they wanted to have 1-2, the silhouette, and 3-4, they could do that. What this 3 requirement would be is that it be on all specialty 4 plates, whether they're state or vendor plates, the 5 6 silhouette would no longer be allowed in the primary 7 region of interest, or the plate pattern of the license 8 plate for specialty plates. So it would be exclude 9 totally, you would not be able to select it as an option; 10 if you chose to do so, it would no longer be an option. MS. JOHNSON: So you couldn't do, for example, 11 I heart, the silhouette, Texas. 12 13 MR. ELLISTON: That's correct. MS. JOHNSON: I recall voting against that 14 15 because I thought that we should be able to use it. 16 MR. ELLISTON: So that's where we're at today is the silhouette is excluded. If this moves forward from 17 here, it would not be allowed to be used on specialty 18 19 plates in the plate pattern in the future. 20 MR. WALKER: I heart Texas could be there. MS. JOHNSON: It could be. 21 MR. WALKER: But not the silhouette, I 22 silhouette Texas, Texas could not be there. 2.3 24 MS. JOHNSON: So they have to use some other 25 forms.

MR. ELLISTON: And they could use a heart, a dash, a comma, a period. There's different things they could do, it's only specifically the silhouette that we're taking out, and that will require us to do a rule amendment because it's currently in rule, but we can get that accomplished.

MS. JOHNSON: Thank you.

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MR. WALKER: And one other thing I'd like to bring up that we went over -- and I don't know, is Steve Farrar here from My Plates?

MR. VANDERGRIFF: I have not seen him.

MR. WALKER: Okay. The My Plates people have worked very, very well with the department and the agency here recently, and we cleaned up some license plates that had gone through where the statute -- I guess we had failed to pay closer attention to some of these plates that have been approved, but the statute plainly states that there will be no imagery in the alpha-numeric coding of the plates to blur background for law enforcement so that they can't read one of the numbers because there's something in the background that might obscure that.

So I've got a list of plates here that you can see that I can pass around, and I know that Laura was real enthusiastic about how well the agency did in cooperation with the My Plate people. We went back to all of the

1	plates that had any kind of obstructions in the alpha-
2	numeric coding, we redesigned those plates so that all of
3	that has been taken out. So we think that pretty much
4	going forward that all of the plates that are approved and
5	out there will all be now back in specifications that is
6	required by the statutes. And that was one reason we
7	wanted to go get this set of rules and guidelines done so
8	that everybody going forward, the private vendor and the
9	state and the agency, all had a good clear understanding
10	of what is required on the license plates.
11	And I think that pretty much is my report on
12	the license plates.
13	MR. BRAY: If I may. Did you intend to just
14	deal with 5.F.1 and not F.2?
15	MR. VANDERGRIFF: My intent was to deal with
16	5.F.1 and 2.
17	MR. BRAY: I believe Mr. Elliston just
18	presented one to you.
19	MR. VANDERGRIFF: Instead of both plates up
20	there. You are correct. We took a motion on both.
21	MR. BRAY: I see.
22	MR. VANDERGRIFF: So we did take a motion on
23	both.
24	MR. INGRAM: My motion was on both.
25	MR. VANDERGRIFF: One other question while you

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are here. I remember that the board did get the two 1 2 questions with respect to the plates, correct, the answers 3 that General Counsel's Office provided. I quess for the board members, we did have questions and they came from --4 he's obviously not here today -- Board Member Rodriguez, 5 6 and that was just on where these plates complied with the contract, so does anybody have any questions on those? 7 8 thought those were good questions to ask. MR. BRAY: And that was part of my point is 9 10 that F.2 is a contract plate, F.1 is not, is what Mr. Elliston was pointing out earlier. F.1 is a department 11 12 specialty plate, not a My Plates plate.

MR. VANDERGRIFF: That's what made me think about it. So I think we'll make sure that the public, to the extent that they have copies of that, so they understand the questions that were asked there.

MR. WALKER: But both plates have been approved.

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MR. VANDERGRIFF: That's correct, yes. So we're talking about something historical, but still, just make sure that's available to the public.

Anything further on this, Mr. Walker?

MR. WALKER: Not on the plates, but that doesn't conclude my report.

MR. VANDERGRIFF: That's correct. You will be

getting additional air time here shortly.

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MR. WALKER: Hold it. There is some more on that while we're on the plates. The other thing that we decided we needed to do was we have a contract with the prison system and it was a concern of Ms. Ryan on the committee, and the Chief also, that we go back to our contract with the prison system to make sure that the specifications in the contract meet the statutory requirements. We don't think that they don't but we wanted to review the statutory requirements to make sure that the contract — for example, we have to use a 3M product with a seven-year reflectivity, and we wanted to make sure that the contract specifies with the prison that they are using a seven-year reflective 3M product.

Was there anything else on the contract that we needed to look at specifically, Randy?

MR. ELLISTON: No, sir. Are you wanting a report on that?

MR. WALKER: I don't think we need a report on it other than I just wanted to report to the board that we are looking at that contract and that that came out in that committee.

The other thing is that there is bar code, if you'll notice, on the bottom of those license plates. The bar code is not something that the State of Texas uses --

well, it's not something the agency uses in anything that 1 we do, therefore, it's not in our specifications, and I 2 3 think we were going to add that the bar code could be allowed on the plate. The bar code is used by 3M people 4 and by the prison system. I think it may be something 5 6 they use in lining up their printing presses to make those. So in order to allow that specific item to be on 7 8 the plate, we went back and added to the requirements that the bar coding will be allowed; I think that we put that 9 back in the specifications. 10 And that is it on the license plates. 11 12 MR. VANDERGRIFF: Thank you. 13 MR. ELLISTON: And just if I can make one 14

MR. ELLISTON: And just if I can make one clarification on the bar code issue, that is not in the current documents you have there but we will be adding that.

MS. JOHNSON: Mr. Walker, do we need to add a comment about the only image that's allowed in the middle of the Texas plate now, or are we better off not suggesting that.

MR. WALKER: We're not going to talk about that.

MS. JOHNSON: Wrong school.

(General laughter.)

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MR. VANDERGRIFF: Mr. Elliston, we're going to

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1	keep you up because we're going to move into item number
2	4, but before we do that, I have a number of cards here
3	and there are a couple that I am not sure what they're
4	talking about or which item they're on.
5	I'm not calling you up to speak, I just want to
6	ask for a second for clarification at this point. Shane
7	Rhodes, I'm assuming you're here on item 4.A.3, but you did
8	not identify that.
9	(Response from audience.)
10	MR. VANDERGRIFF: Thank you.
11	And Karen Phillips, you listed 4.A. Are you
12	wanting to speak on all of 4.A?
13	(Response from audience.)
14	MR. VANDERGRIFF: Okay, so 4.A.3.
15	And then I have two speakers that are on the
16	item, Ms. Phillips and the other is Mr. Russell Duncan.
17	Are you for or against the item?
18	(Response from audience.)
19	MR. VANDERGRIFF: On the item, okay.
20	Mr. Duncan, are you on the item?
21	(Response from audience.)
22	MR. VANDERGRIFF: So you're not going to take a
23	position for or against, you're just providing
24	information. All right. Thank you.
25	And then I just got one more card never

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mind, that one does identify who they are. Okay. Thank you very much.

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With that, we're going to move into item 4.A.1, and Mr. Elliston.

MR. ELLISTON: Thank you, Mr. Chairman. Good morning, board members. Again for the record, my name is Randy Elliston, the director of the Vehicle Titles and Registration Division for the Texas Department of Motor Vehicles.

Before you today is our request for approval for final adoption of amendments to Texas Administrative Code, Title 43, Chapter 207, Section 207.2 through 207.5 which are necessary to clarify that certain types of motor vehicle information are considered personal and therefore confidential.

These amendments merely remove this information from these sections as this information is being simultaneously moved to Chapter 217 of the Vehicle Titles and Registration new Subchapter F, Motor Vehicle Records Information.

These proposed amendments were posted in the Texas Register in accordance with the statute and no comments were received from the public. Basically, this just takes this information and moves it from one location to another so it's in an easier place when people are

looking for information. It will be kind of where they 1 think it should be when they're looking for it. So this 3 is a deletion of this area and then I will ask you in a moment to put it back in another place. 4 MS. JOHNSON: Mr. Chairman, I move to approve. 5 6 MR. INGRAM: Second. MR. VANDERGRIFF: WE have a motion from 7 8 Director Johnson, a second from Director Ingram. discussion? 9 have any 10 (No response.) MR. VANDERGRIFF: Please raise your right hand 11 in support of the motion 12 13 (A show of hands.) MR. VANDERGRIFF: The motion carries 14 15 unanimously of the board members present. 16 Mr. Elliston, you can continue. 17 MR. ELLISTON: Thank you. The next item we have before you today is our 18 19 request for approval for final adoption of amendments to 20 Texas Administrative Code, Title 43, Chapter 217, Subchapter F. The new Subchapter F reenacts the Motor 21 22 Vehicle Records Information that's being simultaneously deleted from Chapter 207 regarding public information. 2.3 24 The substance of Chapter 207 that is being reenacted in

new Subchapter F is unchanged except that the department

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no longer copies to tape. We copy to media and we will accept current photo identification issued by the United States, an additional identification of a United States Department of State document.

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These proposed amendments were posted in the Texas Register in accordance with the statute and one comment was received from the National Title Solutions

Form Committee of the American Financial Services

Association. It requested that its employees be able to redact all information and any identification other than the name and address. We do not recommend accepting the suggestion as an ID presented in person is viewed but not retained, and if the ID is mailed, it is then returned or shredded. Therefore, we request your approval for this.

And let me kind of explain that. When people come in to our office and want DPPA protected information, they have to fill out a form, they have to provide identification to us. They were asking to be able to redact a good amount of that information off of their ID. Since we're not retaining it and keeping it, we don't see any reason to do that.

I ask for your approval.

MS. JOHNSON: Move to approve.

MR. VANDERGRIFF: We have a motion from Director Johnson. Do we have a second?

MR. PALACTOS: Second. 1 MR. VANDERGRIFF: Second from Director 2 Palacios. Any discussion? 3 (No response.) 4 MR. VANDERGRIFF: Please raise your right hand 5 6 in support of the motion. 7 (A show of hands.) MR. VANDERGRIFF: The motion carries 8 unanimously. 9 10 We're now on to item 4.A.3. MR. ELLISTON: Mr. Chairman and members, before 11 12 you today is our request for approval for final adoption 13 of amendments with certain changes to Texas Administrative Code, Title 43, Chapter 217, Section 217.3 concerning 14 15 Motor Vehicle Certificates of Title, and Section 217.22 16 concerning Motor Vehicle Registration. 17 The amendments are necessary to comply with requirements of House Bills 2017 and 2357 from the 82nd 18 19 legislative regular session in 2011 which authorizes the 20 department to require identification for titling, initial registration services, and certified copies of titles. 21 22 These bills also create an alternative location for titling and registration when a county has been 2.3 24 declared a disaster area. The amendments allow an applicant to title and register a motor vehicle in a 25

nearby unaffected county if the applicant's county of residence or the county in which the motor vehicle was purchased or encumbered has been declared a disaster area and the affected county tax assessor-collector estimates that the county offices will be inoperable for a protracted period.

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As you know, this came about last session because when you have a disaster, such as a hurricane, and a tax assessor is overwhelmed, their offices may be destroyed, they can't do business, this allows an adjoining county or a neighboring county or the closest county that can perform the function to be able to pick up that work from that county and assist them during that disaster.

Also, this section states that an owner may not apply for a title, initial registration or a certified copy of title unless the applicant presents a current photo identification of the owner containing a unique identification number. The document may be a driver's license or state identification certificate issued by a state or territory of the United States, a United States or foreign passport, a United States military identification card, a United States Department of Homeland Security, United States Citizenship and Immigration Services or United States Department of State

identification document.

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The forms of identification proposed for acceptance were selected because they are readily verifiable, contain information that's maintained in databases that's available to our employees and/or law enforcement officials, are familiar to most of our employees and agents, they contain security features that are difficult to accurately duplicate and are more secure because they are only issued on the presentation of verifiable supporting documents.

We believe requiring identification will position Texas to move to an effective electronic titling system and will help protect the integrity of Texas titles and motor vehicles ownership data, will deter fraudulent title activities and will validate correct vehicle ownership.

These proposed amendments were posted in the Texas Register in accordance with the statute and six comments were received from the public. One commenter was concerned that if a dealer fails to bring the photocopy to the county, it would take a toll on the business. Another commenter stated an extra copy of the driver's license would economically impact her business. One commenter stated that requiring identification would affect his business and revenue to the state and he asked that a

Matricula Consular's card also be accepted. An individual commented that foreign passports should not be accepted for identification purposes because they do not prove that a customer is a resident of the state and circumvents immigration statutes. The Texas Automobile Dealers Association and Texas Independent Automobile Dealers Association commented regarding the definition of owner. The associations do not read the statutes as requiring dealers to submit identification for their customers.

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After reviewing the comments and working with the Texas Automobile Dealers Association and Texas

Independent Automobile Dealers Association, the agency has incorporated several changes to the rules for your consideration this morning.

The first one is to include an implementation ate of August 1 of 2012 for title and initial registration transactions but not for certified copies of original titles. This will allow for the reprogramming of existing forms and provide up to an additional 60 days that a person may have to file for title requiring ID, and basically it would go in the effective date or be a 30-day period and then you'd have about another 60 days before it would be put into effect.

Also, the second change is a motor vehicle dealer licensed by the department would be required to

keep a photocopy of the identification in its sales files and submit the identification number to the county. As we spoke with the associations, it was important to them that they not have to transport these identifications back and forth to the county and it could cause them some concern about getting the deal pushed through.

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So this was one that we agreed to ask for your consideration that they be allowed to accept the photo ID, make a copy of it, put it in their sales jacket which by rule they're required to keep that information for about four years, and then on the 130-U, which is an application for title, they'd be required to enter the unique identification number on that document and check a box saying that they had seen identification.

The third request for change is in regards to current ID, and current being defined as within 60 days of the expiration date. There was some concern that a lot of times somebody might come in, their driver's license would be expired for a few days, they wouldn't be able to conduct this business. All the IDs that we're looking at, 60 days is no concern for us. If we're looking at a database it's still going to be there, that's not a concern. So we would readily accept changing the definition of current to allowing an additional 60 days past expiration.

MR. WALKER: Sixty days? I'm sorry. MR. ELLISTON: Sixty days, yes, sir. Regarding CCOs, if a dealer was requesting a CCO, they would still be required to present ID or photocopy at the time that they were trying to obtain a CCO, so it would not apply to that. Another change is that there would be no

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requirement for a motor vehicle dealer to verify the authenticity of the document. There was concern by the associations that they would be held to some standard of someone comes in and looks at their files later and they go: Hey, this wasn't a good ID, you shouldn't have accepted this one. In working with the associations, as long it's one of these documents, it appears to be one of these documents, then you can accept that document.

We believe that the agency has worked diligently with all interested parties regarding this rule. We note there are some that don't necessarily agree with everything we've asked for, but we request approval of the rules with the changes as previously discussed. And I'm sure you have some other folks that want to speak.

MR. INGRAM: I have a question real quick.

MR. ELLISTON: Yes, sir.

MR. INGRAM: On page 9 of your newly amended rules.

1	MR. ELLISTON: I'm glad you brought that up.
2	There's one other thing I wanted to clarify. There was
3	one typographical error on page 9 where it says after
4	August 1 of 2013. That's a typo; it should be as of
5	August of 2012. It is 2012 in the original document, and
6	when this new language was drafted, inadvertently that's a
7	typo there, so that should be 2012, and we would ask to
8	make that change.
9	MR. WALKER: I'd like to make a motion to
10	accept the amended version of the rule.
11	MR. VANDERGRIFF: This is the amended version
12	that we're talking about, the one that's the handout
13	version that's in our book?
14	MR. WALKER: Yes, sir.
15	MS. JOHNSON: Do you need more clarification?
16	For the general counsel, do you need that to be specific,
17	because I've got some notes on what the motion would be if
18	the changes need to be identified.
19	MR. BRAY: First of all, yes, ma'am. Second of
20	all, he's on the record so I think we can incorporate
21	that. And third, if you're going to hear from the public,
22	it's better to do it before a motion.
23	MR. VANDERGRIFF: I would agree, and we've got
24	a number of people here to speak.

MR. WALKER: Would you like me to withdraw my

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motion? 1 MR. VANDERGRIFF: Please, at this point. 2 MR. WALKER: I'll withdraw. 3 MR. VANDERGRIFF: But I do think it's 4 appropriate before Mr. Elliston leaves that we open it for 5 6 questions. I mean, obviously we can bring him back up, but questions that you may have of him at this time. 7 8 MR. WALKER: I have a question for counsel, if you don't mind. 9 10 MR. VANDERGRIFF: Sure. MR. WALKER: If we're amending the adoption of 11 the rule here, do we need to repost it, or can we just 12 13 amend it here and accept it? MR. BRAY: Reposting is required when you're 14 15 making significant amendments that would affect either new 16 parties or affect existing parties in a more significant 17 I don't see the amendments that you were talking about here to fit that category. 18 19 MR. WALKER: So we will not need to repost. MR. BRAY: I don't believe so. 20 MR. INGRAM: One of the items that I noted is 21 22 that the division has ascertained that there's no fiscal impact from these rules. Is that correct? 2.3 24 MR. ELLISTON: I believe that's correct, yes,

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sir.

MR. INGRAM: Was there a fiscal impact on 1 either of those two bills, 2017 or 2357? Was there a 2 3 fiscal impact when those passed the legislature? MR. ELLISTON: Those were very large bills. 4 I'm sure there was fiscal notes that were done on that but 5 6 I don't have that information here in front of me. 7 MR. KUNTZ: Jeremiah Kuntz, director of 8 Government and Strategic Communications. I am aware that there was a fiscal note on that 9 I will have to look at the fiscal note to see if 10 any of that fiscal note was specifically associated with 11 those provisions relating to an ID requirement. 12 13 recall any but I'll verify it right now. MR. VANDERGRIFF: Can I ask you to go in with 14 15 some specificity, if you would, the reasons and needs for 16 the ID requirement in the proposal before the board here 17 today? MR. ELLISTON: Yes, sir. The first item that 18 19 I'd talk about is our attempt to move to e-titling. I'm going to ask Monica Blackwell to come up for just a 20 moment and let her explain that piece to you because she's 21 a lot more adept than I am on that subject. 22 MR. VANDERGRIFF: And if I could ask Ms. 2.3 24 Blackwell before she identifies herself for the record or

right after you do that, would you also make sure and

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explain to the board what your position is, how long you've been working on this project and your role in that regard.

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MS. BLACKWELL: Yes, sir. My name is Monica Blackwell. I am the director of Title Services at Vehicle Titles and Registration Division. I've been with the department for 29 years and started working as chief of Titles in 2005. Shortly after that, around 2007, the department started exploring our new system, Vision 21, I believe everyone is familiar with. A component part of that was to create a true electronic titling system, and by that I mean a paperless method to transfer ownership of vehicles.

One of the most difficult parts of this is obtaining approval from the National Highway Traffic Safety Administration, NHTSA, to obtain permission to use an alternate method to their requirement for an original handwritten signature on odometer requirements. This was something that we began working on in about 2007, looking and researching and determining what method would work for us. At the time that we started our position and research, there was only one state that had submitted one. It was the State of Virginia and they chose a personal identification number, a PIN. We did not feel that as a feasible method for Texas because of the number of

registrants. Trying to manage 22 million PINs did not seem reasonable for us at the time. We looked at several different items and determined that our best method at the time was to verify who that individual was in a secure manner by using a U.S. Government issued driver's license or identification.

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We submitted our petition to NHTSA in April of 2009. Our petition requested that we would enter an individual's driver's license number, the security code that runs up the side of the driver's license number and the date of birth. NHTSA reviewed our petition and in May of 2010 they approved our method and it was posted in the Federal Register. Everyone was given a comment period in the Federal Register at the time that we submitted our petition to NHTSA. We sent out list serve notices to every county tax assessor-collector at the time and all of our industry partners, and we actually asked that they go out to the site, look at this petition and submit comments. We were very excited when it was approved by NHTSA.

MR. VANDERGRIFF: So are you saying you asked for comments before its approval by NHTSA, or shortly after you got this from NHTSA?

MS. BLACKWELL: We discussed the petition with several entities before it was submitted to NHTSA, but

after we had submitted it to NHTSA and it was received by 1 them and they opened up a comment period, we sent out that 3 information to everyone and we gave them a link to this information and asked that they submit comments to NHTSA. 4 MR. VANDERGRIFF: Both before and after the 5 6 petition came back from NHTSA with their approval, did you receive any written comments form anybody or any 7 8 association or any group or individuals or tax assessorcollectors? 9 10 MS. BLACKWELL: We did not receive any to NHTSA that I am aware of. We did receive two comments. One was 11 12 from the State of Alabama requesting that NHTSA approve 13 our method and extend it to every other jurisdiction so that they would not have to petition individually. And I 14 15 apologize, there was one other comment, I'm sorry, I'm not 16 certain who that came from. 17 MR. VANDERGRIFF: But you did reach out to industry partners. 18 19 MS. BLACKWELL: Yes, we did. 20

MR. VANDERGRIFF: In the State of Texas.

MS. BLACKWELL: Yes, sir.

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MR. VANDERGRIFF: Go ahead. I'm sorry.

MS. BLACKWELL: So as a result, we also within House Bill 2357, we included a new Subchapter I in Chapter 501 which is the Certificate of Title. This is our

electronic titling chapter. We worked with the general counsel's office. At that time we were still TxDOT, but some of those same individuals are still with us or came with us to DMV, and they created a new chapter that would allow the department to process electronic titling.

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Also, throughout all of House Bill 2357, we changed the language in Chapter 501 to allow for the department to do this. By that I mean we changed the definition of a certificate of title to incorporate electronic titling. We did receive some comments and concerns on some of that. I know specifically TADA submitted some comments. We did make some adjustments towards that, but overall, that portion was received very well.

I'm going to back up just a little bit. I'm sorry. In 2010 the American Association of Motor Vehicle Administrators, which is AAMVA, began an e-titling working group. There are currently 14 states that are participating in this group, and I am honored to be a member of that group. We are working with several vendors, with the National Insurance Crime Bureau which is NICB, the major manufacturers to really make electronic titling happen. They have a document that we are developing which is a proof of concept. It is my hope, and I've discussed it with several within VTR and the

department, that we would follow this model to implement our electronic titling process.

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We've got a lot of different states and resources that can help us with this. I think that it's definitely something that we should look forward to and participate in. It's, I believe, the way that titling will go in the future.

MR. VANDERGRIFF: So if you cannot have an ID requirement in this component here, what happens?

MS. BLACKWELL: If we do not use the ID component, then I believe we would have to stop and relook at our whole electronic titling process to determine what method we will now use in order to obtain NHTSA approval in lieu of an original handwritten signature. Within the NHTSA petition and under the Code of Federal Regulations there is a requirement that if a state determines that the method they submitted they would like to use an alternative or change that method, there is a requirement that we re-petition NHTSA and make adjustments to that petition. If we choose not to use driver's license, then we will have to, I believe, put this project on hold to determine how we will obtain electronic signatures.

MR. WALKER: How long did it take to get us to where we're at today?

MS. BLACKWELL: We began researching electronic and digital signatures in around 2007, put a lot of resources towards that in 2008 and '09, so it took 2-1/2 to 3 years to develop the petition to submit to NHTSA.

MR. WALKER: I know the technology update that

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we're doing currently that my committee is working on and our staff is, we plan on moving forward. We are coming out with some RFQs this week, I think, that will be ready to go forward with that project, and we anticipate implementation, and I know that's a huge part of this electronic titling is part of our project going forward on our tech. What would the delay in our technological update project be if we don't accept this today and accept those standards as we've already posted?

MR. ELLISTON: If I could answer that piece. This would not delay our technological upgrade but it would delay us being able to move to e-titling.

MR. WALKER: Is it not a part of the project? So it's going to affect our project.

MR. ELLISTON: It will be part of the project, but I don't think it would delay our implementation of the refactoring of our database or anything of that nature.

MS. HEIKKILA: For the record, my name is Dawn Heikkila. I'm the chief operating officer for the Texas

Department of Motor Vehicles and the sponsor of the

automation project.

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The electronic titling is one of the improvement initiatives that was identified through the business process analysis, so it is one of the initiatives that we'll be tackling at some future point as part of the overall automation modernization project. So we'll be looking to Vehicle Titles and Registration Division for direction and guidance on how to best pursue that as an improvement opportunity. If we don't have some of the national approvals that we need to move forward, we'll have to suspend work on that particular improvement initiative until we do have whatever necessary approvals we need to go forward.

MR. VANDERGRIFF: If I can ask you a question in this regard, the RFP that's going out is for our database, in effect, and that would go out, if approved, sometime either this month or the first of next month.

MS. HEIKKILA: Correct.

MR. VANDERGRIFF: How does this issue on the identification requirement affect that RFP if it was not approved and you were uncertain that that requirement was going to be there? Does it have any effect on that RFP or not?

MS. HEIKKILA: The first RFP is to address modernization and refactoring of the core system which is

your master database, so without understanding completely -- and I'll have to defer to VTR -- the relationship between the data elements captured in the titling process and reported in the master database, it's going to affect the data organization, I would think.

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MR. ELLISTON: It's my belief that if we don't do this, then we'll be operating just like we do today. We won't be able to move forward with e-title, we'll be operating just like we do today, and it will delay us in the future implement of e-title. Our new system, as we develop it we would certainly develop it with the capability of doing e-title in the future because I believe we're going to have to get there at that point. And if we don't have an ID piece to this as we develop the new system, at some point we'd like to have a relational database where we could have things correlated between the owner and the vehicle. We have a business need to do that and today it's very difficult to be able to do that.

MR. VANDERGRIFF: One more. I just want to make sure I understand. If the ID requirement was uncertain, I understand how it affects the business process improvement which would be, I guess, what we know as Web Dealer and it connects to e-title, and I understand that, how does it affect the first one that's up right now? Just to make sure, does it delay this RFP, does it

keep is from moving forward because that's critical because it's basically in this budget cycle that we need to move that part forward. That's what I'm trying to be sure of.

MS. HEIKKILA: Correct. Again, I'm not certain. I don't believe it would delay it, but one of the main focuses of this first initiative is to transform the data that we have currently, the organization of that data so that we can in our relational database remain a more customer-centric view of our customers. So we're trying to shift the focus from identifying a particular vehicle to identifying the owner of that vehicle, and I believe that would be your connection there.

MR. VANDERGRIFF: One followup, and I apologize to the board members. Just to make sure im clear, then if this is, say, resolved in -- and I'm going to just throw out some hypothetical timelines -- six months, a year, or three months and those kind of time scenarios, how does that affect the RFP going forward? I can understand that if it's not an approved component, then it would definitely affect what the vendor community would provide to us, but when does that become critical? My understanding is that the RFP will take at least 90 days for people to respond, three more months for evaluation, a couple more months for contracting. So how does it affect

that? 1 MS. HEIKKILA: Potentially if this issue were resolved in three to six months, then whatever the 3 resolution was would be incorporated to how the data was 4 organized. 5 6 MR. VANDERGRIFF: Okay. Thank you. 7 MR. INGRAM: Monica, Virginia uses a PIN? 8 MS. BLACKWELL: That was the method they petitioned NHTSA with. 9 10 MR. INGRAM: Are they still a part of NHTSA then with the PIN? 11 12 MS. BLACKWELL: They've actually not 13 implemented as of yet. No state has yet implemented a complete electronic titling process. There are some that 14 15 have implemented electronic processes but still require 16 all paper documents to follow. 17 MR. INGRAM: So let me rephrase the question. Are they still part of the approval of NHTSA to stay in 18 19 the NHTSA system using a PIN? 20 MS. BLACKWELL: Yes, they are. MR. VANDERGRIFF: But their request was for a 21 22 PIN and I guess ours was for an ID requirement. MS. BLACKWELL: Yes, sir. 2.3 24 MR. VANDERGRIFF: What's the difference, what's

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the pluses or minuses for both?

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MS. BLACKWELL: The main difference for them was they were going to retain and create a database that would be separate that would tie a PIN to an individual. I'm certain that they had to have other mechanisms in there to do that match, but that was their primary method. We would not actually retain this information. Our concept was that we would verify that the owner was who they said but we would not actually retain and maintain a separate database of owners.

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MR. VANDERGRIFF: Also, in Virginia they are a combined driver's license combined with titles and registration.

MS. BLACKWELL: Yes, sir.

MR. VANDERGRIFF: So does that have any impact?

Are they already collecting this data, to your

knowledge?

MS. BLACKWELL: They are collecting it, yes, sir, but I don't believe that they incorporated that as part of their proposal for electronic titling.

MR. WALKER: I know, Monica, that the e-title deal and I know that when this agency was formed through the legislature that one of the things that was really the key element to doing this was that we were going to take this agency to a more user-friendly agency and to move us down the road to modern technology and be the forefront

runner in all states out there with e-titles which will make it easier for the consumer to transfer a title. When he buys a car, he can potentially be able to be handed the title the day he purchases the vehicle instead of all the delays and processes which makes it easier for our car dealers, it makes it easier for the state.

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And we've already gone down the road to get to where we're at on this ID issue where we've got an accepted standard that I guess is a driver's license or a U.S. passport or the deals. What is this delay in more specifics, if you know, how far that would push this project back. How long would it take us to re-implement what we've done, to go and say we don't want to use that, maybe we're going to use a PIN?

MS. BLACKWELL: I think that it would take a minimum of one year to research the available methods. To do a good job and make the best determination, I think it would take approximately a year to do the research to determine what that method is, to submit and receive approval. The writing of the petition is actually done by our staff attorneys and they're very quick and very good, so I think that's a short time period. Submitting it to NHTSA, that's undeterminable. It took NHTSA three years to approve Virginia's petition.

MR. WALKER: Three years?

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MS. BLACKWELL: Three years, yes, sir. But they were the very first state but it did take them three years to approve it, and it took NHTSA just a little shy of one year to approve our petition. So I would say 12 months to three years is the potential, but I would say a year. It's possible we could research, put several staff and a lot of resources on it and develop a petition within a year, I think.

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MR. INGRAM: Would it be possible to have some sort of hybrid system where if you have the bulk of your population using your ID requirements as you've listed them and then having other ones using PINs, so you don't have to like maintain a database of every single Texan and their PIN?

MS. BLACKWELL: Most things are possible.

MR. ELLISTON: I think I'd make one comment regarding that. To assign a PIN we're going to have to know who they are, though. You still have to have the relation of you have to know who you are to give you a PIN so that we still know that PIN. If that make sense. So there's still an identification piece there.

MR. VANDERGRIFF: And in Virginia they have -I didn't articulate this very well, they have access to
the driver's license because it's a combined department, so
therefore, they can tie that PIN internally to a driver's

license if they need to. That's my understanding of what they do.

MR. WALKER: But we do not have that ability.

MR. VANDERGRIFF: That's correct. You're right,

we would not because we're not connected with DPS.

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MS. JOHNSON: And it has been legislated that, for example, DPS is supposed to be working with appraisal districts on driver's license information so over-65 individuals don't have to apply for that freeze, and that has not been able to be accomplished yet. So the possibility of DMV and DPS being able to have that shared database, although it's being looked at, we're not there yet, we're some time away from that as well.

MR. ELLISTON: We currently are in discussions with DPS as a legislative requirement out of the last legislature that we do a study on data sharing and we are currently in the infancy but we are currently in that process with them at this time.

MR. WALKER: But that is part of our tech project is to do a lot of data sharing between all the agencies so that we can tie everything together in this technology.

MS. JOHNSON: And then it's critical to know that the legislature requires DPS to verify a person is a resident of Texas in order to even apply for a Texas ID or

a Texas driver's license or a commercial driver's license.

That's law now that will go into effect at DPS April 2 -actually, it's in effect right now. So all these are tied
together.

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MR. VANDERGRIFF: Any other reasons or concerns with respect to the ID?

MR. ELLISTON: After we pass the e-title piece, the second thing that I would comment on is that it would be a good means to protect the integrity of our titles and our data that we have in our system so that we know we have good information and to be a fraud reduction. We know we have fraud that goes on in the marketplace with the movement of vehicles and that sort of thing, and I think there's some law enforcement people that are here that are going to speak to you this morning so they can give you a better firsthand knowledge of what's going on today, but that would the other piece of it.

MR. WALKER: I have more questions. I'm not sure that they're appropriate at this time. Maybe we ought to listen to the speakers and then I can come back with some rebuttal questions because we haven't got into the matriculas, we haven't got into other forms of ID, we haven't got into the exceptions to the rules such as somebody from Mexico coming here and buying a car at a used market and taking the car back into Mexico.

Obviously, they're not going to have a valid U.S. ID, but I think there's an exception in the statute currently that allows that to take place if the car is leaving the country.

MR. ELLISTON: That's correct.

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MR. WALKER: So I'm going to assume, and I don't know if now is the appropriate time, but I'd have to go back to Monica and say, Well, how does that particular statute affect our technological project with NHTSA because the statute allows us to sell Mexican nationals cars at car auctions today and to take those cars and to move them back without an ID.

MR. VANDERGRIFF: Or any other national, for that matter.

MR. WALKER: I'm sorry. I don't mean to be exclusive but I'm just using that as an example. How would that affect this e-titling, or would we not be able to do e-titling on cars transferring out of the United States?

MS. BLACKWELL: We currently do not title vehicles that are being moved out of state. The title is provided to the purchaser, it is assigned on the back of it and that individual will take that ownership document to their home and transfer ownership there, so that would not actually be submitted to us.

1	MR. VANDERGRIFF: Because they would want to
2	register that vehicle in their country.
3	MR. BRAY: You'd be receiving a title from the
4	jurisdiction you live in, whether it's Mexico or Virginia.
5	MR. WALKER: What happens to our title, our
6	Texas title?
7	MS. BLACKWELL: That is their ownership
8	document that they are required to submit to their version
9	of DMV, whatever that might be, whether it's out of state
10	or another country.
11	MR. BRAY: And then ultimately it gets back to
12	Texas and gets shredded, does it not?
13	MS. BLACKWELL: It is returned to us either
14	electronically we now receive, rather than the original
15	certificate of title, some states notify us electronically
16	with a list and they shred our Texas title, others return
17	it directly to us, a notation is made in our motor vehicle
18	database as to the entity that surrendered it to us.
19	MR. WALKER: And all of this form that we're
20	talking about right now has been accepted by NHTSA as okay
21	to do this?
22	MS. BLACKWELL: Yes, sir. We are in
23	compliance.
24	MR. VANDERGRIFF: Stay close by. We do have a
25	number of speakers, both for and against and a couple on

this. I would because of the number of speakers, we will limit the speakers to -- this is a previously discussed time limit, we've used it at other meetings -- up to three minutes each, so we will be watching that. I'll ask for one of the members of the staff to make sure and give me so I can give a high sign to the speaker when they have a minute left so we need to make sure and do that.

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I would ask, since we have a number here, if they're against if there is any coordination to these speakers, if somebody wishes to go first or last or if there is someone I will give five minutes to if there is a principal presenter. We do have two people that are on it. I assume they're providing resources, so I'll give each of them five minutes. And then we have several people for it. The for, since this is a rule being proposed, goes first. I will allow them, if something is said about their testimony, as is typical, that they would have a couple of minutes for rebuttal. But the for and against speakers will all be at three minutes coming forward.

So with that, unless someone is wanting to identify themselves as coordinating any of these speeches, then I'm just going to take them in fairly random order.

MR. BRAY: You want to be told when they've used two minutes?

1	MR. VANDERGRIFF: Yes. Just somebody from the
2	staff make sure and give me that indication and I'll make
3	sure to the speaker to hold up one finger.
4	MR. WALKER: Mr. Chairman, I see you're holding
5	a pretty good sized stack. About how many speakers do we
6	have today?
7	MR. VANDERGRIFF: We have somewhere in the
8	neighborhood of probably 20.
9	MR. WALKER: So that's an hour's worth.
10	MR. VANDERGRIFF: I would say, and with the
11	potential for questions, yes, at least.
12	MR. WALKER: That doesn't even give us time for
13	questions.
14	MR. VANDERGRIFF: Yes. We will be here for a
15	while.
16	MR. INGRAM: Do you have an appointment?
17	(General laughter.)
18	MR. VANDERGRIFF: Why don't we take a quick
19	break. It is approximately 10:05 and we will be in recess
20	for approximately ten minutes. We'll be back at 10:15.
21	(Whereupon, a brief recess was taken.)
22	MR. VANDERGRIFF: The April Board meeting of
23	the Department of Motor Vehicles is back in session. It
24	is 10:18, and we are ready to take public testimony, both
25	for, against and on, our proposed rule that is listed in

number 4.A.3 of our agenda.

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And with that, I want to reiterate, I have been able to clarify that a number of the people will not speak today, so we do have a few less speakers than I had originally anticipated, which I will afford a little bit of extra time. What I'm going to do at this point is that we have three speakers for and the third speaker, I've told both the for and against that I'd give the lead speaker five minutes, and in this case on the for side the last speaker of the three will take the five minutes.

On the against we have five speakers, the first of which will take the five-minute allotment that I've mentioned. And then we do have with us an elected official, and I very much appreciate Mr. Ames traveling all the way from Dallas County, so certainly, if he wishes to take five minutes to address the concerns he has, I'd appreciate him doing that.

And then we have two people that are on it which I will take between the for and against, and those two will each also be allotted five minutes, Karen Phillips and Russell Duncan. They are presenting, I guess, factual evidence, not necessarily a position per se.

And then we will allow Mr. Browning to be able to rebut if something comes up. That's as customary for

somebody for it. And obviously, the department will be on notice to come up potentially during the course if a question arises based on someone's testimony.

So with that, I'd be pleased to ask for Mr. Bill Smith to come up and identify himself before the board.

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MR. SMITH: Thank you, sir. Bill Smith, regional director for Texas Association of Vehicle Theft Investigators. I'm also a sergeant with Harris County Sheriff's Office Auto Theft Unit, which a part of that I'm also supervisor over our Title Service and Title Fraud unit that we work in coordination with the Harris County Tax Office.

I'm in favor of the resolution for numerous reasons. I've been involved in auto theft for over 30 years, as an officer over 40, and have seen the different scams, fraud perpetuated by people through the use of bad identification or no identification.

Several years ago there was a law that was passed that was initiated in Harris County. It's called the Title Service Law which allowed for the licensing in each county of title services and their runners, and part of the regulations on that is that they record identification of people transferring titles. The reason

for that was we had a massive problem involving auto theft that basically the crooks -- for lack of a better word -- would hire a title service to do the transferring of titles illegally, washing car loans, committing bank fraud, using vehicles for other crimes, and not have to have their identification recorded.

Yes, sir.

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MR. VANDERGRIFF: That just means you have one minute left.

MR. SMITH: And after that law was enacted, that helped considerably. Then we started seeing the use of bad identification used to obtain certified copies of titles and title transactions in the county using Department of Motor Vehicles, and when some rules went into place to not accept some of the bad documentation, those cases of that fraud dropped considerably immediately, and that was just last year.

But by the recording of good identification that this resolution is calling for, it should help reduce the fraud aspect of the titling and registration of vehicles considerably, and the investigation of the crimes would provide the information that we can track perpetrators of the crime.

I appreciate it.

MR. VANDERGRIFF: Thank you.

MR. VANDERGR

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And I will apologize to any member of the audience if I mispronounce a name. Donald Schifani.

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MR. SCHIFANI: I'm Donald Schifani. I'm a member of the Texas Association of Vehicle Theft
Investigators. I also work for the Montgomery County Auto
Theft Task Force.

The foreign identifications that I have observed have all had the same problem: verifying the accuracy of the document. In 2009 I was involved -- between 2009 and August of '11 I was involved in a title fraud case that involved Texas title and registrations and Montgomery County Tax Office was the complainant in my case.

Identifications were a major portion of this.

We had falsified Texas identification documents, Florida,

Venezuela, the matriculas. The difference in these was I

could go to my computer and in a few minutes I could

verify a Texas document or a Florida document, as I can

with any other state in the United States. With the

foreign IDs, I did not have access to that. I could not

tell you if those documents were accurate or not.

In the case I ran across things like this which is the same picture on a matricula, same matricula number, two different names. This document has been used to obtain Texas registrations, and I think one of them is

current right now. I've got three other examples of that in this file.

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Just two weeks ago I took one of the cards out of that case, took it to one of the other officers in my office who happens to work for Conroe PD, I gave him the document, and I asked him to verify that. He immediately told me that he couldn't. He's spent 27 years with his department. I said, Try, do whatever you can to verify this document. He came back to me an hour later and said, I got with my dispatch office and we were unable to obtain any information.

MR. VANDERGRIFF: I don't want to shock people, just one minute.

MR. SCHIFANI: Any information about this document. I tried through the Montgomery County Sheriff's Office dispatch office. They told me it would take two weeks and they might be able to gain some information on it.

I've got Interpol on my computer. The only thing I could verify about that document is whether that document number had been stolen or not. I could not verify the name or who was on the document.

These documents are being used to obtain Texas titles and registrations. They were a major problem to Montgomery County Tax Office because they were used in

correlation with gift tax. So I have no idea how much money the state lost from these falsified documents.

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MR. VANDERGRIFF: I was going to say I think the time is up but if you wanted to make a final point, I'll let you do that.

But I want to emphasize to the board that any witness that comes up, please feel free to ask questions of that witness if you have one, and I think we do have one from Ms. Johnson.

MS. JOHNSON: I'd like to ask a question because it was recently a couple of years ago, shortly after this board was formed, this agency was formed that the convention for the international auto crime people occurred in Galveston and I attended that, and there were people there from Mexico, there were people there from Canada, as well as the U.S.

Since that cooperative effort is going on, is having access to foreign databases ever been, to your knowledge, a topic of that and is that just not a possibility?

MR. SCHIFANI: I have not seen an improvement in that. I know that has been talked about but I have not seen it. I'm looking at it from the street officer/detective viewpoint, and I know on the street it's impossible to get information in a timely manner. And

even as a detective working a case that may string out a 1 year or so, we're still having the same trouble, we can't 2 3 verify these documents. MS. JOHNSON: Thank you. 4 MR. WALKER: Don, you've mentioned fraudulent 5 6 documents numerous times in your presentation here, but 7 what you haven't defined to me is what is the fraudulent documents. Is it Texas driver's license, is it matricula 8 cards? Where is the fraud that you're seeing? 9 10 MR. SCHIFANI: Okay. MR. VANDERGRIFF: And where is it coming from 11 in a general sense? Is this from title service companies, 12 13 is this from dealers, are these from individuals off the street, and what are they trying to do when they're doing 14 15 this fraud? So I'd appreciate any answers to that. 16 MR. SCHIFANI: In the particular case that I 17 worked on, it was a title fraud company -- it was actually two. 18 19 MR. VANDERGRIFF: Title fraud company? MR. SCHIFANI: I mean title service company. 20 It should have been title fraud company. 21 (General laughter.) 22 MR. VANDERGRIFF: A Freudian slip of the 2.3 24 tongue.

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MR. SCHIFANI: But it was title service

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companies that were committing these crimes, and it wasn't just identification, it was money laundering, title fraud, registration fraud, there was numerous things, falsified documents.

MR. VANDERGRIFF: One final thing because you still haven't answered his question, and I apologize, but the previous speaker spoke of legislation that had been passed. That was statewide legislation, I think, on title service companies. Correct?

MR. SCHIFANI: Yes.

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MR. VANDERGRIFF: Harris County was the one that was being referred to in that testimony but it was statewide to address the title service company issues.

MR. SCHIFANI: Well, Montgomery County does not accept matriculas or foreign IDs.

MR. VANDERGRIFF: Well, I understand because the county can do that at this point.

I apologize, Mr. Walker, I interrupted your question.

MR. WALKER: My question still is what are the forms of fraudulent IDs that you're seeing.

MR. SCHIFANI: I saw Texas driver's license that would have someone else's name and picture on. When I would check that number in the DPS database, I would find out that it was a total different person that

actually owned that license. I've got a couple of examples in here.

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That's how we prosecuted that case. We only used the Texas documents. We had over 1,100 transactions from a six-month period. We only prosecuted 27 files on the major company, and we were able to do that because we could go and pull that number up, we could find out who actually was assigned that driver's license, and then we were able to prosecute for the falsified document off of that.

MR. WALKER: Off of the actual title?

MR. SCHIFANI: Right. I had a few Florida driver's licenses. I was able to do the same thing: go in my computer, put that number in, it gave me who that was actually assigned to which wasn't on the document that I was looking at, and again, I could verify the accuracy.

MR. WALKER: So you're saying that a valid U.S.

ID helps identify from the falsified ID that might be presented for the transfer.

MR. SCHIFANI: Yes, sir.

MR. INGRAM: There were 1,100 transactions that were fraudulent within a six-month period?

MR. SCHIFANI: We didn't have time to go through the whole 1,100.

MR. INGRAM: So you don't know for sure.

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1	MR. SCHIFANI: I do not recall opening and
2	looking at one transaction that was legal.
3	MR. INGRAM: But how many did you look at out
4	of the 1,100, ten or twenty?
5	MR. SCHIFANI: Well, we had 27 files in the one
6	case, each file would have two to three, maybe four
7	transactions in it, but I looked at a lot more documents
8	than that.
9	MR. INGRAM: Sure. But you don't really have
10	any specific data that that 1,100 were fraudulent.
11	MR. SCHIFANI: No. The 1,100 was what we
12	collected to look at.
13	MR. INGRAM: That was just your sample.
14	MR. SCHIFANI: Right.
15	MR. INGRAM: That was your sample size was
16	1,100.
17	MR. SCHIFANI: Right. And from that I probably
18	looked at 150 or 200.
19	MR. INGRAM: And out of that 150 or 200, some
20	of those were not they were also U.S. IDs that were
21	fraudulent as well.
22	MR. SCHIFANI: Correct, and we were able to
23	prosecute off of that.
24	The prosecutor and I spoke early on in this
25	case and decided we're not going to use the foreign IDs at

all because we cannot verify them and we cannot charge on it.

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MR. VANDERGRIFF: Can I ask a question in this regard? If you've looked at a number of transactions, obviously you have, and you see instances of fraud. Is there any more or less fraud with a U.S. ID involved or an ID from another country?

MR. SCHIFANI: In our particular case we saw more Texas IDs that were fraudulent.

MR. VANDERGRIFF: Well, the reason I ask that, I understand the argument that you're a proponent of which is you can't get to the database of a foreign country like you can a U.S. based database. I understand that. But I guess I'm hearing from you is that what you're not saying is that there's any more or less fraud from a foreign ID versus a U.S. ID, based on your experience.

MR. SCHIFANI: With the difficulty of verifying these documents, I couldn't answer that because I don't know which ones are real and which ones are not.

MR. VANDERGRIFF: But I thought you just said -- and if I'm doing this incorrectly -- based on what you looked at, and that doesn't mean it encompasses the rest of the state, but what you looked at, you saw a greater preponderance -- that's not your words, but a greater number of U.S. or Texas IDs, I think is what you

just said. 1 MR. SCHIFANI: Yes, sir, that is correct. 2 3 MS. JOHNSON: If I may add to that question, though, were the Texas IDs perpetrated by Texas citizens? 4 MR. SCHIFANI: Most of them not. We had a few 5 6 but most of them were not. 7 MS. JOHNSON: So it was outside of Texas or 8 outside of the U.S. that were using -- because I understand you can go to Fiesta and get a Texas driver's 9 license. I've heard that. 10 MR. SCHIFANI: Thirty dollars at the company I 11 12 investigated. 13 MS. JOHNSON: Right. And I've seen people go into Fiesta in Houston and do that. But they were not 14 15 U.S. citizens that were doing that. 16 MR. SCHIFANI: The people that were actually 17 charged in this case, yes, they were U.S. citizens. MR. PALACIOS: I have a question. Can you 18 19 elaborate a little bit more about the nature of the fraud that we're talking about here? I mean, is it just strict 20 ID fraud? These titling companies, what exactly are they 21 perpetuating? 22 MR. SCHIFANI: What they were doing with these 2.3 24 documents, the identification documents, were obtaining 25 Texas titles, Texas registrations, insurance cards. Most

of the time it was the 30-day insurance card. That's where that particular case was.

MR. PALACIOS: By presenting a false ID.

MR. SCHIFANI: Right.

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MR. PALACIOS: And again, back to the chairman's question, some of them are using Texas driver's license or ID or whatever it may be and some are foreign national cards.

MR. SCHIFANI: Correct. The company that I investigated had one room, one computer totally designated to making identification cards. When you went in, you just paid your 30 bucks, they would make you up a Texas driver's license, Texas ID, a Florida driver's license, a matricula, you know, whatever you wanted. And their database was large. It had one of our Supreme Court justice's picture in the database. That was turned over to the FBI. So they would make whatever kind of ID that you were wanting.

MR. PALACIOS: Okay. In our case here, the requirement now for the new law for an auto dealer to collect an ID, the dealers aren't verifying the authenticity so they wouldn't know if it's fraudulent or not. So how does that give you assurances now?

MR. SCHIFANI: They wouldn't know if it was fraudulent or not. If the case got to an investigation,

we would be able to verify that identification and then 1 possibly take that lead to whoever made the ID. We could 3 stop the fraudulent Texas title from going out or the fraudulent registration. 4 MR. INGRAM: When you say fraudulent 5 6 registration -- I'm sorry -- you mean that they weren't 7 trying to -- or at least in the bulk of the cases you're 8 talking about, were they trying to illegally transfer the vehicle or were they trying to just get registration for 9 10 it? What were they trying to do with that falsified ID? MR. VANDERGRIFF: Or were they just trying to 11 12 be able to buy a car? 13 MR. SCHIFANI: Well, some of it was that. was almost everything you just said. 14 15 MR. VANDERGRIFF: Because what was the company 16 that issued these in business for, just to make \$30 per ID? 17 MR. SCHIFANI: They were charging anywhere from 18 19 \$30 to \$800 for a title or registration. MR. VANDERGRIFF: Okay. So \$30 for the ID but 20 once they got them they were then passing them on. 21 MR. SCHIFANI: The lady that was running the 22 company was driving a stolen car with a valid Texas title. 23 We got that car back to the individual that owned it.

was under the impression that he just lost the car.

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continued paying his note for two years. 1 MR. INGRAM: Wow. What's his name? 2 3 (General laughter.) MR. SCHIFANI: But he finally got his car back 4 and it was one of our servicemen. 5 6 But this particular document right here is a registration, it's using one of these Ids, and I've got a 7 8 Texas registration. This one went out in 2010 but it was obtained with this document. 9 10 MR. INGRAM: I'm just curious. This is actually more of a curiosity question. If you've got 11 someone that has got a falsified Texas driver's license, 12 13 meaning that it's totally bogus, right, and you want to prosecute that and you go to the database and you look it 14 15 up and you realize this isn't right, it's totally 16 inaccurate. Let's say that person is an undocumented immigrant, how do you go about finding that person 17 MR. SCHIFANI: You may not. 18 19 MR. INGRAM: So what good does it do you? MR. SCHIFANI: We prosecuted the company that 20 was doing it, the title service company that was doing it. 21 MR. INGRAM: And well you should. 22 MR. SCHIFANI: But as far as the actual person 2.3 24 on the picture, we don't even know if that picture goes to 25 that name.

1	MR. INGRAM: Right.
2	MR. VANDERGRIFF: How many independent or
3	franchise dealers have you prosecuted for this?
4	MR. SCHIFANI: None of the franchise dealers.
5	We've got one dealership in New Caney, Texas right now
6	that I think either has already been charged or is fixing
7	to get charged.
8	MR. VANDERGRIFF: But one potential so far.
9	MR. SCHIFANI: Right. It's not normally the
10	dealers that we're having to do this with, but we don't
11	want it to get into the dealers, and if we don't have
12	valid identification, we're going to see this spread.
13	MR. VANDERGRIFF: Okay. If no further
14	questions, obviously you'll still be here. Thank you.
15	MR. SCHIFANI: Thank you.
16	MR. BRAY: Excuse me, sir. Did you have
17	anything you wanted to submit in the record?
18	MR. VANDERGRIFF: Actually, we should get that
19	in the record since it's been referred to several times,
20	those documents that he mentioned.
21	MR. BRAY: Well, maybe. I didn't know if they
22	were sensitive to an investigation.
23	MR. SCHIFANI: This particular investigation
24	was finalized with the last conviction in August of '11.
25	This investigation ran from November of '09 till August of

'11. 1 MR. VANDERGRIFF: I'm assuming that anything 2 3 we're seeing is a closed case. MR. SCHIFANI: Yes, it is. 4 MR. VANDERGRIFF: So if I'm wrong in that, 5 6 anybody that's testifying please don't give us any 7 documents. MR. SCHIFANI: This is a closed case. 8 They all pled out with no appeal process. 9 10 MR. VANDERGRIFF: All right. Do you want to make sure and put Monica on 11 notice of what you wanted? 12 I had asked the chairman 13 MS. JOHNSON: Sure. if the agency could address why you think that this will 14 15 help reduce title fraud if, indeed, you do believe this is title fraud. 16 MR. VANDERGRIFF: We're just giving you notice 17 of that. We'll do that at the conclusion of all the 18 19 speakers. Thank you. 20 The next speaker who I've allotted five minutes to is the principal speaker for the folks for this 21 proposed rule. He is Mr. Wayne Browning. 22 MR. BROWNING: Thank you, Mr. Chairman and 2.3

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members of the board. My name is Wayne Browning, and I am

the president of the Texas Association of Vehicle Theft

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Investigators. T hat is also the South Central regional chapter of the International Association of Auto Theft Investigators. It covers Texas and the surrounding fivestate area.

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I'm not going to rehash what the other officers went over other than to just summarize that the issue is the verifiability of the IDs. They do fraud with Texas driver's licenses, they do fraud with matriculas, they do fraud with all kinds of different IDs. The difference is the ones that are listed in this rule that we're talking about today are all things that we can verify as law enforcement, that we can follow up on. The ones like the matricula are not verifiable, we cannot verify them.

Also, to Mr. Ingram's question a few minutes ago on the driver's license, about whether we could find them, the whole key to us is that it would never get to us as a fraud case. If it was a fake ID, let's say it's a Texas ID, if it got to us as a fraud case, we could at least prove it's fraud, and if we couldn't find the person, that's fine, but what it would do, we could flag that vehicle in the state system so that that person could never get it inspected, registered, re-registered, titled or anything, and we implemented the National Motor Vehicle Titling System, called NMVTS, where all of the 50 states now are talking to each other, where he couldn't even take

it to another state and title it. So we might not be able to find the individual but we could flag the vehicle.

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On the foreign ones, like I said, he wasn't even able to pursue investigation or prosecution of those because we can't verify at all.

MR. VANDERGRIFF: You say it would never get to a fraud case, and I apologize if I misunderstood, do you mean that because you can verify on the spot, that we'd stop fraud before it happened because the agency could or somehow we'd get the information electronically? How do you mean that? I'm not sure.

MR. BROWNING: Quite often when those title applications get to the tax office or to the title office, they catch it before it ever even gets to law enforcement and they turn the people away, that no, we're not going to issue you a title. Like they even check into a Texas driver's license. So that cuts down on the amount that get to us to be worked as fraud cases, it's just sheer volume.

MR. VANDERGRIFF: Okay.

MR. BROWNING: One issue that I wanted to bring up that hasn't been discussed on this, the reason that I see -- and I've talked to investigators for the entire state and internationally and all of the other states -- that this happens, especially in major cities, a lot of

people that are opposed to this rule is car dealers that do tote-the-note, that they carry their own financing.

What we see in all the major cities is that they will sell a car, and they don't care about the identity of the person because they're never going to have to track that person down. All they're interested in is being able to track the car down, and they put GPS systems in almost every one of those cars that they sell.

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And they will take a substantial down payment and they have those buyers sign a horrendous contract — that I would never sign — and it tells them that if they are late on one payment, they authorize the car dealer to immediately repossess the vehicle and then they have to pay a very large repossession fee and the late payment immediately or the dealer can turn around and re-sell the car. And what we see in all the major cities in the State of Texas is they will sell the same car over and over and over and over.

MR. WALKER: Question.

MR. BROWNING: Yes.

MR. WALKER: When they sell that car, are they transferring that title at the time of that sale?

MR. BROWNING: No, sir, because the requirement to transfer the title -- and Monica, if you can tell me -- I believe it's 30 days that they have to.

MS. BLACKWELL: Yes, sir.

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MR. BROWNING: They're repossessing the car before the 30 days is up. The majority of the time they're repossessing the car before the 45 days is up.

If it gets to the point of the required number of days to file for the title and the person hasn't missed or been late with a payment yet, then they will go ahead and comply with the law, they will title it, and then still try to repossess it later. But the percentages are on their side that they are going to get the majority of these cars back within a week or two weeks or a month, and each time they re-sell it, they get another substantial down payment, so they are profiting very large from this.

The point that I wanted to summarize for the board is just this: in your decision today I believe you have to err on the side of safety, protection for the state, eliminating fraud, and I believe that allowing the fraudulent matriculas and foreign IDs from any country, it actually is going to hurt the people who are buying those cars because they're being allowed to buy cars that the dealer doesn't believe they can afford. That happens every single day; I hear that over and over from all of the auto theft detectives.

MR. VANDERGRIFF: But that's just your speculation.

MR. BROWNING: That's my speculation, yes, sir. 1 MR. WALKER: But we're not here to prevent 2 3 people from buying cars. MR. VANDERGRIFF: Mr. Ingram, do you have a 4 question. 5 6 MR. INGRAM: I do. How much research have you put into the used car business? In terms of the buy-here-7 8 pay-here business, have you actually gone out and studied the business, have you interviewed people, have you 9 10 interviewed dealers? Kind of get me through your education process of knowing how that system works. 11 MR. BROWNING: Yes, sir. I've been a detective 12 13 for 23 years of the 37 years I've been in law enforcement, 23 years of that as a detective. I've interviewed and 14 15 because I do auto theft and now commercial auto theft, I 16 get cases all the time where a person reports their car 17 stolen, and we find out no, it wasn't stolen, it was repossessed by the dealer. We check into the 18 19 repossession, and what we are finding -- and this is at least weekly -- is that it's those type of contracts that 20 I was discussing. 21 MR. INGRAM: So how does this relate to whether 22 or not we should take certain forms of ID? 2.3 24 MR. BROWNING: Okay. Those dealers that are

doing those types of practices --

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MR. INGRAM: Like me. I sell 2,000 cars a year and everything you've said is inherently false.

MR. BROWNING: Are you tote-the-note?

MR. INGRAM: I am.

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MR. BROWNING: And I did not mean to imply that every tote-the-note place does that. What I am implying is that there is a large percentage that we have brought to our attention by buyers as following those practices. And like I apologize if I sounded like I was saying all tote-the-note places do that, because they don't, and I understand that.

MR. INGRAM: What I go back to is how does this apply to the ID requirements.

MR. BROWNING: Because if they are getting the IDs that are in this rule that we're discussing today, those can be sent up to the title office and they'll be caught quicker. Also, they won't be -- if they're required on that type of deal, they're not preying on people that are desperate for a car and that can't get other IDs. That seems to be the majority of the people that complain to us.

MR. VANDERGRIFF: I'm not agreeing with any of your characterizations about the business, but I would ask this: Don't usually things find their way some other path? If we limit a significant portion of the

population, as you might be suggesting we're doing, from the ability to buy cars, are they not going to find some other way to get it? Is there not some other industry that's going to spring up to support that need for transportation?

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MR. BROWNING: That is always possible, yes, sir. What we advocate is that they find a legal means to obtain a car through family or friend.

MR. PALACIOS: Can I ask a question then? And I appreciate your concern for what you consider victims of these tote-the-note lots. Given the restrictions now that you're proposing, what are the alternative means that you would suggest for these individuals to go out and purchase a car?

MR. BROWNING: I mean, first and foremost, if they pursue obtaining a legal ID, they would meet this rule. If they cannot do that, then they would probably need to go through a friend or family member or someone else that would have the proper ID to buy a car in their name and just allow this person to use it. I do recognize the need for transportation to work and do daily living. I understand that.

MR. WALKER: I've got a question because you just made a statement that concerns me. A valid ID. I bet we could stand up today and ask everybody in this

audience to stand up and show me a valid Texas ID and there's probably not a person in this room that can't show you a driver's license or some form of identification.

You just got through telling us now that they need to go find somebody who does have a valid ID so that they can drive a vehicle. If they had a valid ID, in my mind a Texas driver's license, they could drive the car. If they go get somebody else to get a valid ID, how are they going to drive the car?

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MR. BROWNING: You're correct because they're not a licensed driver.

MR. WALKER: So you're telling me that your recommendation is that they go and find somebody who does have a driver's license or some valid ID to buy them a car so that they can drive the car without a license and without insurance? Is that what's happening?

MR. BROWNING: No, sir.

MS. JOHNSON: Excuse me. He didn't say he recommended that. He said when the chairman asked him what else would happen, he said that would possibly happen, not that he recommended that happening.

MR. BROWNING: Also, ma'am and sir, it's not that we want to prevent them from owning a car. They could do that, like I said, through someone else that has proper ID for their family, for instance, to obtain a car.

Then it would be inherent on them to have someone drive them or operate that car that's licensed to do so in the state. We can't advocate breaking the law in any form, but at least that way they could obtain a car that would be available to them.

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MR. INGRAM: So they just need a chauffeur.

MR. BROWNING: I mean, the alternative is us advocating that they break the law in some form.

MR. INGRAM: Or allow them to buy a car in their name.

MR. BROWNING: But then they still couldn't drive it, sir, and they'd still need a chauffeur. They don't have a Texas driver's license.

MR. VANDERGRIFF: I'd like your thoughts. The previous speaker talked about that perhaps the title service companies were the main perpetrators of this fraud, if you will. I'm just trying to understand the connection. Is this more of an issue that like there's almost a business, in effect, that you're having to watch out for fraud, whether it's preying on people or willing participants in the process, but that the actual car sales process itself, whether it's an independent or a franchise dealer, I'm not hearing as much specifically on those individuals. I understand your personal observations about the note lot business, the tote-the-note business,

but that aside, the examples and the discussion seem to revolve around the title service companies versus the dealers selling vehicles.

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MR. BROWNING: And you are correct, sir, that has been the largest focus of fraud investigations involving titles is the title service places. And another example of where that specifically is a problem is that the title services that we have problems with they will use what's called runners and these runners will be somebody that is known to quite a few title services, and they will get a call hey, I've got five for you to pick up, another company I've got seven for you to pick up, and they will pick all these up. What they get is an application for a title and a photocopy of an ID, and they may bring 20-30 of those a day to the regional title office and try to get 20 or 30 titles to take back to the various title services.

Quite often, if there's a problem with, say it's a Texas driver's license, the title office will catch that. If the car that they're trying to register pops up as a stolen, they'll catch that. If it's a copy of a matricula, for example, the title office can't follow up on that and neither can we.

MR. VANDERGRIFF: I understand, but that goes to access to a database which I appreciate which is really

separate. You haven't said, nor did the previous speaker say that the Matricula Consular card or any other card was more or less prevalent in this scheme here. I've not heard that from anybody, and I hear it as a kind of cottage industry, in and of itself, that really is attached to but not directed from the motor vehicle dealers who are franchise and independent. That's what I'm hearing from you and others.

MR. BROWNING: Right, sir. The whole key is verifiability.

MR. VANDERGRIFF: I get that.

MR. BROWNING: That's our bottom line.

MR. VANDERGRIFF: I get that. Thank you.

Mr. Walker.

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MR. WALKER: One final question. In Texas, in order to drive a card -- and you're with law enforcement -- you have to have a valid driver's license from either Texas or from some outside -- it could be from Oregon and you drive through Texas with an Oregon license plate. And if you come from Mexico or from any other country to Texas and you want to drive a car here, let's say you want to rent a car or you want to buy a car, you can go to the DPS, I believe, and get a temporary license or some kind of Texas driver's license to use while you're here from anywhere outside of Texas. Is that not correct?

MR. BROWNING: I believe that's correct, sir. 1 But to get that, they would have to show valid ID. 2 MR. WALKER: That's my point. And so anybody 3 outside of that realm that I've just described cannot 4 legally drive a car in Texas. Is that correct? 5 6 MR. BROWNING: That's correct, sir. 7 MR. WALKER: So my point is that anybody who is 8 going to be driving a car in Texas should have a valid form of identification. Is that not correct? 9 10 MR. BROWNING: That's correct, sir. MR. WALKER: All right. That's fine. 11 MR. BROWNING: And the one other issue that 12 13 goes with that, sir, the ones that come from Mexico up here to visit or buy a car, they have ID from Mexico that 14 15 we would accept. The Matricula Consular, for example, is 16 issued by the Mexican Consulate only to people who are outside Mexico. So someone that's coming from Mexico is a 17 whole totally different issue because they would have 18 19 proper ID. MR. WALKER: Well, I don't think for our 20 purposes that's acceptable ID. 21 22 MS. JOHNSON: A foreign passport. MR. WALKER: A valid U.S. ID. 2.3 24 MR. INGRAM: Foreign passports are also acceptable. 25

MR. WALKER: You're right.

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MR. VANDERGRIFF: Thank you very much.

Our next speaker which is on, meaning they're not necessarily for or against, and we're allotting five minutes, is Karen Phillips.

MS. PHILLIPS: Good morning. My name is Karen Phillips with the Texas Automobile Dealers Association.

And I appreciate the work that has gone on with respect to what's been handed out today and the new proposal, and it does respond to many of our concerns with respect to the process that we have as to the new identification requirement. And what sometimes is the simplest task becomes the most complicated task, and I would suggest that this is one of those areas what appears to be easy, to ask for identification, has now become very difficult and sticky-wicket for us.

I did want to point out to you that with respect to the definition of owner in the titling statute, the statute itself, under the bills that were passed this past session, says that the owner of a motor vehicle must present identification. Now, an owner, under the title statute, specifically excludes a dealer. With respect to the personal identification information for obtaining title that was added by House Bill 2357, it says the department may require an applicant. So we have the may

require the applicant to provide current personal identification as determined by the department rule.

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So we've got an owner being required to provide information, but then with respect to applicants, it says that the applicant -- you have the discretion under the Code Construction Act, when you look at the may word, may is discretionary, and so the department may require an applicant to provide current personal identification as determined by departmental rule.

As far as the registration requirement under the general rule which is Chapter 502, you've got owner shall apply for registration. And then under that same Bill 2357 which amended 502.043, once again it says the department may require an applicant for registration to provide current personal identification. So once again, the discretion is within this agency as to requiring or not to require personal identification, and what identification you're going to require is obviously, once again, within the discretion of this department.

I also would like to mention that with respect to the NHTSA proposal and what NHTSA accepted, if you look in the Federal Register on page 20927, it talks about the Texas Online Identification Database: To authenticate and verify the identity of the user, the TOID data elements include a Texas driver's license or identification card,

current driver's license or identification card audit number, DOB and the last four digits of the individual's Social.

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Now, what that means is we've got vehicles that are not going to be able, even under the current proposal, to have those four elements because we have businesses, we have organizations and we have lessors who will not be able to satisfy those four elements even under the ID proposal that's been approved by NHTSA. So there's going to be some transfers even under this electronic titling system that are going to have to be outside of the electronic titling system, because we've got businesses who come and buy cars and we have organizations, as well as the lessors which are always businesses. They're going to be Ford Motor Credit, Toyota Credit, some entity of that nature which is a business that will not be able to provide these types of documentation, the way I understand it. And I may be not understanding it correctly and I'm happy to be corrected.

MR. WALKER: Can I ask a question? A federal tax ID is not an acceptable form?

MS. PHILLIPS: According to what was accepted under the Texas program, reading from the Federal Register, these are the four elements from the Texas Online Identification Database, and it says Texas driver's

license or identification card number, current license or identification card audit number, DOB, and the last four digits of the individual's Social. I don't see a federal ID number on there.

MR. WALKER: Monica.

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MS. BLACKWELL: That is correct. In researching this, NHTSA would not allow us to use a federal ID number for a business entity. This requirement would have to refer one of the business owners or organizations to use an ID to connect to their business.

The lessor example was of some concern to us because there are quite a few leased vehicles throughout the State of Texas. However, under our current electronic lien titling program that has been implemented since July of 2009, during that implementation we heard from the financial institutions, their organization which is the National Title Solutions Forum, they do not allow leased vehicles to be titled electronically. Although they all participate, all of the major lenders, the GMAC, the Ford, the Chase, and are involved in lease vehicles, they have industry reasons for needing and wanting paper documents. So it was our understanding that leased vehicles would not be through the electronic titling system initially at the lenders' and the lessors' request.

MR. VANDERGRIFF: Let the record reflect that

that was Monica Blackwell with the department.

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MR. WALKER: So it's my understanding on what you just said about the NHTSA proposal that going forward, let's just use Exxon, big company, if Exxon wants to go buy 500 new pickup trucks for their field men out there that somebody individually is going to have to be tied personally to that title?

MS. BLACKWELL: Initially through the electronic titling process that we have identified now, that is correct.

MR. WALKER: What person wants to assume that liability for a corporation?

MS. BLACKWELL: I agree. I think that this will be probably a program that will initially begin with individuals. It will be the first time that any state has ever done it. I imagine that there will be some proof of our concept. I would also anticipate that at some time in the future, perhaps not within my future, but at some point there is going to be some method that these businesses and entities can title electronically. It is just the wave of the future, I believe. But currently there is not a process, that is correct, without an individual tying themselves to that entity.

MR. WALKER: Dawn Heikkila, can I ask you a question? And the reason I want to ask you a question is

because I know that you're working on this project and you're quite familiar with the tech. Would we not want to take and at the same time we implement this -- or not implement but work on the electronic title transfer system and our tech update, would we not want to be able to allow businesses to also be able to benefit from that same type of a transferring system?

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MS. HEIKKILA: For the record, my name is Dawn Heikkila. I'm the chief operating officer for the Texas Department of Motor Vehicles.

We would approach that unproven initiative like we've approached all of our others: when it came down to do the business requirements and we want to go look at that program for enacting it, we would probably re-engage stakeholder groups to identify all of the individuals that would be affected by that type of functionality, what type of data we would need to collect, how we would use that data to make sure that when we add that functionality to the system or application that we were being as diligent in our research as we could to make sure that we had a thorough program.

MR. VANDERGRIFF: So I've got a question.

Businesses, organizations and lessors, significant chunk of the business, are they, in effect, exempted from this rule? What are saying here?

MS. BLACKWELL: No, sir. Within the rule for the IDs, and keeping in mind we currently require a business to provide us an ID when they obtain a duplicate title for a vehicle that is titled under their name.

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MR. VANDERGRIFF: I understand the duplicate title issue.

MS. BLACKWELL: We were requiring the same documents for an initial title applicant. For a business we would ask that there is a business card or a letterhead authorization for that individual, and an individual does have to provide an ID. In the situation of lessors, we are given an option of either the lessee, the individual that is actually going to be operating that vehicle, we will accept their ID as long as the leasing company includes them, not as an owner because the lessor is actually the owner, but within our system we have a method that we can input that lessee's name. So we will have the option of accepting the individual or the entity, it could be a business that actually leases, their ID or someone from the leasing company.

MR. WALKER: I'm going to tell you right now, I don't know about anybody in this room, but I own a company that owns hundreds of vehicles, hundreds, and I don't want my name personally on every one of those titles that that company buys because of the liability exposure that if one

of those vehicles is tied into a wreck out there, one of my company vehicles, then somebody is going to turn around tomorrow and sue me individually and connect me. And believe me, if there's any lawyers in this room they'll agree with me, they go to the deepest pockets and they try to connect anybody with a deep pocket to any kind of incident where they think that there's money available. So I'm not going to tie my name personally to corporate vehicles. That's not going to work, Monica. Nor is anybody at Exxon or Shell or whatever it might be, I can promise you that's not going to happen.

MS. BLACKWELL: We would not retain, and we do not currently under the electronic lien titling, we do not retain that information on businesses, but currently, some individual within your business and every other business is signing for the company. We would not attach an individual's name to the title record, just as we do not today.

MR. WALKER: I sign as an officer of the company but not as an individual.

MS. BLACKWELL: That's correct.

MR. VANDERGRIFF: You're saying that a business or organization or a lessor -- excuse me, not the lessors, but a business or organization buys a vehicle today, they provide an ID.

MS. BLACKWELL: They do not provide an ID because we do not have a requirement for an ID, but someone from that company is required under the federal law to sign and acknowledge and certify the odometer statement in the sale.

MR. VANDERGRIFF: Right. I understand that.

MS. BLACKWELL: So under the same federal law, we must abide by that for businesses also, and NHTSA has not approved any entity yet to do an electronic titling or do anything other than a handwritten signature on those vehicles. We have had discussions, they understand that there is a need to develop some method for that to occur, but none have been developed as of yet.

MR. VANDERGRIFF: So that's what you're really saying, it's not today we're requiring it, but again, electronic titling, based on the NHTSA approval, has to have some ID.

MS. BLACKWELL: Yes.

MR. INGRAM: So to be clear then, this is a giant database, the NHTSA, so if I buy a car you're going to tie me because you want this customer-centric database where it's all about the consumer or the person and what do they own. Right? Essentially the customer-centric database that we're talking about versus VIN-centric.

MS. BLACKWELL: That's correct.

MR. INGRAM: So unless something is developed 1 2 in the future, I could go and say, Well, I want to see 3 every vehicle Johnny Walker has in his name. MS. BLACKWELL: No, just as you cannot do that 4 now. Will you be able to do that in the future with the 5 6 new, yes, you would if a particular vehicle is titled in his name. If you ask for that type of query under his 7 8 business name, you would only get those under his business name but you would not pull his personally owned and 9 10 titled vehicles. MR. WALKER: Let's clarify here. What you and 11 I have been conversing about here is NHTSA, and that is 12 13 going forward for electronic transfers. Correct? MS. BLACKWELL: That is correct. 14 15 MR. WALKER: And that has nothing to do with 16 the addendum that we have here today other than the fact 17 that we would need this information going forward, in your minds, for the NHTSA part of electronic transfers. 18 19 MS. BLACKWELL: That is correct. NHTSA does not maintain a database of any motor vehicles. 20 simply the federal organization that has the authority to 21 approve and mandate the Truth in Mileage Act which is the 22 federal odometer requirements. So our database only would 2.3

MR. INGRAM: I'm so lost. I mean, let's just

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maintain ownership.

take NHTSA out of it for a second and let's go with if 1 passing the rules as they are today, and Johnny wants to 2 3 go buy 100 trucks, he's going to have to bring his ID up there, right, or somebody in that corporation? 4 MS. BLACKWELL: Someone within the corporation, 5 6 if they wanted to transfer this electronically, 7 paperless --MR. WALKER: Hold it. 8 I think you misunderstood his question, or I did, one. He asked you 9 10 about this here -- didn't you -- he asked about this specific today's document before us. Exclude NHTSA in 11 what you're responding to him, I think. Is that not 12 13 right? MR. VANDERGRIFF: Meaning under the electronic 14 15 title system to come, they'd have to have some form of ID. 16 MR. INGRAM: As of August 1, 2012. MR. VANDERGRIFF: That's what I mean. We're not 17 hitting the electronic title system on August 1, 2012. 18 19 your question was what's changing for those businesses. 20 MS. BLACKWELL: Coming August 1 with this, nothing will change. Because our electronic titling 21 system is not available, we do not have today the 22 capability to do a verification through the system. 2.3 24 MR. VANDERGRIFF: Now I'm confused. Why will

nothing change to businesses, organizations, and of

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course, I know lessors have a slightly different deal, but 1 why will nothing change for them but it's going to change 2 3 for the rest of the industry? MS. BLACKWELL: It will change for everyone to 4 title a vehicle, taking the electronic title part of it 5 6 out, that is not available and so that changes for no one, but when this law does go into effect, every entity 7 8 applying for a Texas title will need to provide some type of identification. 9 10 MR. VANDERGRIFF: Which goes back to the question about businesses, organizations. 11 MS. BLACKWELL: And that is correct. 12 13 MR. BRAY: But the vehicles that are titled in J.H. Walker Trucking Company, or whatever the corporate 14 15 name is, would continue to be titled in that name. 16 MS. BLACKWELL: That is correct. 17 MR. VANDERGRIFF: That wasn't the issue, but somebody is going to have to present an ID. 18 19 MR. BRAY: To submit the paperwork. 20 MS. BLACKWELL: Yes, that is correct. MR. VANDERGRIFF: So that's the major change 21 for J.H. Walker -- I'm sorry, you're the example -- J.H. 22 Walker Trucking. 2.3 24 MS. BLACKWELL: It is the major change for a

business.

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1	MR. VANDERGRIFF: Somebody is going to have to
2	come in and give you an ID.
3	MS. BLACKWELL: Yes, sir.
4	MS. JOHNSON: And if I may interject here as a
5	tax assessor-collector. You're not going to write a check
6	to any of us without a proper form of ID anyway.
7	MR. WALKER: But is Johnny Walker's name going
8	to be on that title anywhere?
9	MS. BLACKWELL: No, sir.
10	MR. WALKER: I only have to prove that I'm a
11	valid citizen to get the title transferred.
12	MS. BLACKWELL: That is correct.
13	MR. WALKER: But it will never be disclosed to
14	John Q. Lawyer out suing.
15	MS. BLACKWELL: It will never be captured in
16	our database, it will never display or be exposed to
17	anyone. That is correct.
18	MR. VANDERGRIFF: Who is supposed to get that?
19	I guess the tax assessor-collector's office? Who is
20	supposed to get that ID?
21	MS. BLACKWELL: The entity that will be
22	entering it into the electronic system.
23	MR. VANDERGRIFF: So whoever is registering the
24	vehicles for the company.
25	MS BLACKWELL: Yes sir So it could be a

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business, it could be a dealer or it could be an 1 individual. 3 MR. WALKER: But it is not a form of a permanent record. 4 5 MS. BLACKWELL: No, sir. 6 MR. VANDERGRIFF: And that is for anyone, others as well, we're not keeping this. 7 MS. BLACKWELL: That's correct. And Jeremiah 8 just pointed out to me that under 502.043 it is stated in 9 10 law that any identification number required by the department under this subsection may be entered into the 11 department's electronic titling system but may not be 12 13 printed on the title. So there's no intention of printing that. 14 15 MR. WALKER: So that clarifies a little bit 16 about Ms. Phillips's concern there. MS. PHILLIPS: We're still going to have to 17 obtain somebody's identification and write it on the 130-U 18 19 form, as I understand it. 20 MR. WALKER: But it just says that I'm a valid, legal person to be buying and purchasing vehicles, it's 21 22 not going to be a trailing number that's going to attach me to any vehicle out there. 2.3 24 MR. VANDERGRIFF: I'm not sure that's true,

because in a deal jacket you're going to have a bunch of

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1	forms that are going to have somebody's ID on it.
2	MS. PHILLIPS: And we have to make a photocopy.
3	MR. VANDERGRIFF: Right.
4	MR. WALKER: But John Q. Plaintiff Lawyer is
5	not going to have access to my information. Is he,
6	Monica, or is he not?
7	MS. BLACKWELL: Not through our database he
8	will not.
9	MR. WALKER: Anywhere is he going to have
10	access to my information?
11	MS. BLACKWELL: The dealership that sold you
12	the vehicle will be required to maintain that information.
13	MR. WALKER: For four years is what my
14	understanding was, wasn't it?
15	MS. BLACKWELL: Yes, sir.
16	MR. INGRAM: So like even in an Open Records
17	request it wouldn't be available?
18	MS. JOHNSON: A private company is not required
19	to provide any information under the Open Records Act, and
20	in my office when we fill those, personal identification
21	is redacted as required by law.
22	MS. BLACKWELL: That is correct.
23	MR. VANDERGRIFF: And if I also remember and
24	understand correctly, once the e-title system is up
25	MS. BLACKWELL: The retention will be

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eliminated.

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MR. VANDERGRIFF: Right. It will just be almost immediate verification and then move forward. Which kind of goes to the law enforcement question of why e-titling is important the verification will be much faster.

MS. BLACKWELL: Yes, sir.

MR. INGRAM: Well, Karen, I think we took your entire time.

MR. VANDERGRIFF: Actually, she got five minutes before we started asking questions.

(General laughter.)

MR. WALKER: I apologize.

MR. VANDERGRIFF: Questions don't count. But did you have anything you needed to add?

MS. PHILLIPS: Did I need to add?

MR. VANDERGRIFF: Wanted to add.

MS. PHILLIPS: I want to add one other item -and Randy and I have spoken about this, and Monica too -and that is that we do have military who do come here who
do not have a U.S. military ID, they're NATO military for
the most part, and they do at times want to purchase an
automobile. And so I have requested in my written
comments that we look at adding a NATO military ID
document as one of those documents. And I attached some

redacted copies of some NATO military ID documents. So that does come up fairly often for dealers who are selling vehicles close to military bases, and so that was one addition that I'd like for the board to consider also.

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MR. WALKER: And when you say about those IDs, we're not referring to a soldier from Georgia who is in the United States military, we're referring to a German who serves in the United States military in an exchange -- I don't know what the right word is -- he's from Germany and he wants to have a car while he's over at Fort Hood for six months to get around the base and go sightseeing.

MS. PHILLIPS: Correct.

MR. PALACIOS: Exactly. You have a lot of foreign servicemen serving in U.S. bases. I'm right next to one, Fort Bliss, large German contingent, Koreans and so forth, that wouldn't have U.S. IDs.

MS. JOHNSON: NATO people do not have foreign passports?

MS. PHILLIPS: Well, I suggest that they do, however, they may not have an identification number on that passport.

MS. JOHNSON: But if they're in America, they'd better be carrying a passport. If you're in Germany, you better be carrying a U.S. passport; if you're in America and you're a foreign national, you better be carrying that

passport.

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MR. WALKER: So it's moot.

MS. PHILLIPS: Well, I'm still requesting that dealers be able to look at a NATO military card.

MR. VANDERGRIFF: Mr. Elliston, do you want to comment on this while we're on this topic?

MR. ELLISTON: I spoke with Karen about this yesterday and we're looking into that, and I may not be correct, but I believe these folks come over here for training, they're in San Antonio and El Paso and different places, and a lot of times they bring their families with them so they're here and they need to have automobiles.

When I lived in El Paso, I believe that they were issued IDs from the base in which they were stationed on, but I'm not totally sure about that so we're going to look into that piece of it. If not, I would not have an objection to adding a NATO military identification on to the list because those folks are here and they need a way to purchase a vehicle. I would suggest probably they could get a Texas driver's license while they're here, but it just depends on what their deployment time is. If they're buying a car, you would think they would probably be here for an extended period, and some of them are. Again, I wouldn't have an objection to adding that document on to the list.

MR. WALKER: Mr. Palacios, maybe you could 1 enlighten us. You said you've got a lot of Germans near 2 3 you and your dealership. Do you sell them cars ever? MR. PALACIOS: Oh, absolutely. 4 MR. WALKER: And what form of ID do they 5 6 normally show you? 7 MR. PALACIOS: They have these NATO cards or base cards. I don't know specifically the name of them. 8 MR. VANDERGRIFF: I think Mr. Harbeson from the 9 10 department would like to comment on this. MR. HARBESON: Yes. For the record, my name is 11 Bill Harbeson. I'm the director of the Enforcement 12 13 Division. I have some experience in traveling overseas on 14 15 military orders and oftentimes you will not have a 16 passport. The orders themselves provide sufficient identification based on the status of forces agreement 17 between the host country and the country that's receiving. 18 19 In addition, if we're talking about this group of potential buyers, we should not restrict it just to 20 NATO because, as Mr. Palacios pointed out, we're talking 21 about Koreans, perhaps Japanese officers and enlisted that 22

are in this country, and they would not be NATO forces,

they would be another country. So we need to draft that

broad enough to handle all of the foreign service members

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that would be stationed over here in the states and we just have to craft the language to handle all those potential buyers.

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MR. BRAY: When he referenced a base card, that would be something issued by the base. Right?

MR. HARBESON: Right. And I've never actually been issued a base card when I was serving overseas. It was usually sufficient that I had my U.S. military ID card plus a set of my orders which would recite the particular status of forces agreement.

MR. BRAY: But in his case, he's talking about a base card issued by this country, Fort Bliss, for example.

MR. HARBESON: They may indeed do that, and again, we would need to do some research and find out if our various bases that host these students. I know, for instance, NAS Corpus teaches a lot of flyers down there and they're from other countries as well. We'd probably have to poll each of these bases and find exactly how they handle the identification requirements for these foreign students.

MR. WALKER: I assume -- I don't know where we get the answer in this room, maybe from law enforcement -- but I'm going to assume that those forms of ID are verifiable, that they can't be fraudulently -- well,

anything can be fraudulent. 1 MR. INGRAM: For 30 bucks. 2 MS. PHILLIPS: Or 800. 3 MR. ELLISTON: If they're here stationed on a 4 base, those folks know they're there. If they contact the 5 6 base, they'll be able to get information. 7 MR. WALKER: So law enforcement will be able to 8 verify their IDs. MR. ELLISTON: I would think they would be able 9 10 to, yes, sir. MR. WALKER: He's raising his hand back there. 11 12 Wayne. 13 MR. BROWNING: Wayne Browning again. enforcement would be able to verify through the bases. 14 15 And also, I can tell from personal experience in the 16 military, I went to Japan, for example, and I purchased a 17 car on the Japanese economy with my military ID, however, I had to go through a special class and obtain a driver's 18 19 license to drive there because they drive on a different side of the road, different road tests and stuff. 20 Whatever military ID, law enforcement, I don't think would 21 22 object to that at all for purchasing cars here as long as they had a driver's license to drive it. That would be 2.3 24 our only objection if they didn't have.

MR. WALKER: But our bill says a valid U.S. ID,

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does it not?

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MR. ELLISTON: It says U.S. military ID.

MR. BROWNING: And we wouldn't be opposed to adding military from foreign countries or that that are stationed here. I see the need for that. We wouldn't be opposed at all to amending this to add that.

MS. JOHNSON: So would the proper language be "Other military affiliates stationed in Texas," and that takes care of NATO and others? And other foreign military affiliates. Because when I look at this identification that Ms. Phillips has presented as an example, it says military affiliate, and that seems to be a pretty broad scope.

MR. WALKER: Well, I think there's a little difference in what he's talking about here and what we're talking about, and maybe I'm wrong, but the United States has military bases around the world, we have bases in Japan, we have bases in Germany and in Europe, and those are through treaty organizations that we have. To my knowledge, no other country has a military base in the United States, we don't allow that, to my knowledge, and so we don't have that situation. They're going to be here through NATO, it would be my understanding. What other reason would they be here?

MR. VANDERGRIFF: I don't know, I'm not a

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military expert, but I would say not necessarily. 1 could be agreements for training. 3 MR. BROWNING: I know when I was stationed, for example, in dog handler school in San Antonio, Lackland 4 Air Force Base, they had Iranian Navy training there. 5 6 MR. VANDERGRIFF: I hate to interrupt this discussion, because it's interesting, but I would think 7 8 that we have basically been presented with the need for this exemption and the department has said they'll do it. 9 10 MR. WALKER: I'm with you. MR. VANDERGRIFF: Thank you. 11 With that, our next speaker that is on the bill 12 13 is Russ Duncan. I say on the bill, I think I'm in a committee here, it is on the proposed rule. 14 15 MR. DUNCAN: Good morning. 16 MR. VANDERGRIFF: And I believe everyone on the 17 board received a copy of this study or report that was done, did you not? Everyone should have received a copy 18 19 of this. It was sent by email from the department. 20 Mr. Elliston, this study that I'm looking at the top of, I think was one that was sent out to the board 21 by email. 22 MR. ELLISTON: Yes, sir. 2.3 24 MR. VANDERGRIFF: And I think there was going to be a hard copy provided to the board members here at 25

the meeting, at least that's the way I read the email. 1 we have that hard copy? 3 MR. WALKER: Is that the one that was sent out last night, Randy? 4 5 MR. ELLISTON: No. 6 MR. VANDERGRIFF: It should have been sent out; I thought this was sent out. 7 MS. JOHNSON: I've not seen that. 8 MR. VANDERGRIFF: Okay. I'll keep things 9 10 going, but I think, Mr. Duncan, in the interest of making sure the board has that, what I'm going to do is I'm going 11 to bring up another speaker. So if you don't mind, we'll 12 13 do that when we get the copies back. MR. DUNCAN: But I would like to finish this 14 15 before we break for lunch. 16 MR. VANDERGRIFF: Oh, absolutely. I'm not sure 17 we're breaking for lunch. (General talking and laughter.) 18 19 MR. VANDERGRIFF: With that, I would assume also, Mr. Elliston, probably the documents that the 20 department sent out, the memorandum that had the 21 22 justification for the rule that we might need a hard copy of that, as well, for the board. I know they received 2.3 24 that by email. So we need the documents sent out but we

probably need to make sure we get hard copies. If I could

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ask someone from the staff to do that since we did say that would be in the book and I don't think it is.

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And basically, for the record, these are position papers, if you will, on the impact of this proposed rule that will be copied and brought to you.

With that, I'm going to move to the speakers that are against this rule. We have five of those speakers, the first of which I'm allowing five minutes, and then I also said I would allow Mr. Ames, the tax assessor-collector from Dallas County, five minutes.

You do have them? I stalled long enough. That was fast.

I'll ask this one question before I bring Mr.

Duncan back up, would you prefer to have that and look at it and then bring him back up, so we have another speaker come up first? All right. We'll go ahead and let you pass this out, but then the next speaker will, unfortunately, be watching us look at this while they're talking.

I will call up the first speaker that was against the proposed rule, and that is Danny Langfield.

And we're allotting you five minutes and I'll make sure and give you one finger, and you can obviously be subject to questions.

MR. LANGFIELD: I understand. Good morning.

My name is Danny Langfield. I'm the deputy director of the Texas Independent Automobile Dealers Association. I want to thank the board for the opportunity to comment, and I want to thank Director Elliston and his staff for their hard work on this. As you probably surmised, I am testifying on agenda item 4.A.3, specifically the provisions relating to ID requirements for title application and initial registration.

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As you know, TIADA represents independent car dealers, however, the concerns we have today go far beyond the impact these rules will have on dealers. The association believes implementation of these rules will have serious negative ramifications for the economy of Texas. It is our understanding that the ID requirements found in the proposed rules would prevent undocumented immigrants from titling and registering a vehicle in Texas. We'd like to point out to the board that the legislation being implemented by this rule, specifically House Bills 2017 and 2357, did not specify the exclusion or the inclusion of any particular ID type. The bill simply referred to personal identification as determined by department rule.

When the agency developed the rules and selected a very narrow scope of acceptable ID types, presumably, as we've heard, to be in line with maybe the

NHTSA requirements or perhaps for some of the security reasons that we heard about a little bit earlier. We fear what they may have done is to create a significant, if unintended, financial impact to the state that's only now being realized.

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I know you are in the process of looking at one handout. I believe you have another. If I could direct your attention to a two-page document that was, I believe, handed out earlier. It looks something like this about the proposed rules.

MR. VANDERGRIFF: It's a one-pager.

MR. LANGFIELD: On the back side of that onepage handout, I'll let you know that's a memo from our
executive director, Jeff Martin, to Chairman Vandergriff.
And I apologize, some of you may have received that
already in an email. If you don't mind turning to the top
of the back of that page, to the top of page 2, there's
some information from the Texas Comptroller that I'd like
to review for a moment.

As you can see, according to the Texas

Comptroller, motor vehicle sales and use tax revenue was

\$4.9 billion for the 2010-2011 biennium. Motor vehicle

registration fee revenue was \$3 billion for this period.

Next you'll see a reference to a report also from the Comptroller's Office entitled "Undocumented

1	Immigrants in Texas, a Financial Analysis of the Impact to
2	the State Budget and Economy." In this report, the
3	Comptroller estimates that 3.6 percent of the state's
4	motor vehicle sales tax revenue is generated by
5	undocumented immigrants. It is an understatement to say
6	that we were shocked by these numbers. 3.6 percent of
7	\$4.9 billion is \$176.4 million. If this rule action is
8	passed, according to the numbers from the Comptroller's
9	Office, that's the amount the State of Texas would be
10	exposed to losing in motor vehicle sales tax revenue in
11	the next biennium.
12	MR. WALKER: Say that number again.
13	MR. LANGFIELD: I'm sorry?

MR. WALKER: Say that number again.

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 $$\operatorname{MR.\ LANGFIELD:}$$ The last number was \$176.4 million.

MR. WALKER: 176- in the biennium?

MR. LANGFIELD: Yes, in the next biennium in motor vehicle sales tax revenue.

The state would also stand to lose an estimated \$10.8 million in initial registration fees over the same time period.

MR. VANDERGRIFF: And that's based upon a 2006 report by the Comptroller that indicated that 3.6 percent of the state's motor vehicle sales tax revenue was

generated by undocumented immigrants. 1 MR. LANGFIELD: That is correct. 2 3 MS. JOHNSON: And if I could interrupt one time, which comptroller was that? Because one has given 4 us good numbers, one has given us bad numbers, and I'd 5 6 like to know which comptroller that was at that time. MR. LANGFIELD: Strayhorn, but I don't know if 7 8 that was good or bad numbers, but it was Strayhorn. 9 MS. JOHNSON: And do you have a corrected because she corrected a lot? 10 MR. LANGFIELD: That document is publicly 11 available on the website and I did get a chance to visit 12 13 with one of the folks who worked on that. MS. JOHNSON: And they thought that it was 14 15 valid? 16 MR. LANGFIELD: We did ask about that. Now, we 17 were asking about a pretty specific provision, so I don't know that I would say that necessarily would apply to the 18 entire document. It's, I think, 26 pages long, but that 19 particular provision. 20 MS. JOHNSON: Okay. Thank you. 21 MR. LANGFIELD: I want to go back to say the 22 association's understanding, it is our understanding that 2.3 24 the agency has informed this board and certified in the 25 Texas Register that there would be no economic impact to

the implementation of these rules. It's my guess we're struggling to reconcile that position with these numbers from the Comptroller's Office.

2.3

I want to be clear on something, TIADA does not have a position on undocumented immigrants. Immigration is a complex issue upon which our members have many diverging opinions, as I'm sure many in this room do. But the taxes we're discussing here are consumption taxes meaning that they are currently collected from individuals, regardless of their immigration status.

Independent of anybody's political ideology, if the rule is passed, somewhere between \$175- and \$200 million in revenue could be lost to the State of Texas.

Now, I want to comment on the NHTSA issue that was brought up a little bit earlier by Ms. Blackwell pertaining to e-titles. We, as an association, would like to explore ideas that would allow the agency to move forward with this initiative which we support. Perhaps the state could re-examine the idea of a PIN, a personal identification number, as approved in Virginia.

On another topic, we also strongly support law enforcement and their efforts to stop title fraud. We worked with the agency and the legislature to pass a pretty significant piece of legislation addressing title fraud that was emanating from mechanic's lien issues.

Nevertheless, we think it would be advisable to look at solutions to address all these issues that would not have a nine-figure negative fiscal impact to the state.

2.3

In conclusion, we would ask the board to strongly consider amending the opposed rules to broaden the acceptable ID types with the goal of mitigating the negative fiscal impact of the current proposal, and if such an amendment is not made, we would encourage the board to vote against the rules as currently proposed.

Thank you for your attention. Happy to take any questions. At this time I also have a copy of the reports that were referenced, if anyone would like to see them.

MR. PALACIOS: Mr. Langfield, in regards to broadening the rules, what specific recommendations do you have?

MR. LANGFIELD: Our association doesn't -- I personally don't have any -- the association would like to -- I would prefer to redirect that to the agency staff and ask them what they believe would help to offset that.

MR. INGRAM: Let me redirect that. Going to Randy, looking at \$175- or \$200 million lost, how do you feel that we can modify these rules so that we don't have that kind of negative impact to the State of Texas and its taxpayers.

MR. VANDERGRIFF: Mr. Elliston, can you identify yourself for the record again, please, and come to the microphone? You might just stay there.

2.3

MR. ELLISTON: Yes, sir. My name is Randy Elliston, director of Vehicle Titles and Registration Division.

I don't have an answer for how we modify this to make sure that every vehicle that is sold today would be sold after we would create some kind of rule. Our efforts here are to try to create a secure -- to keep the integrity of our documents as far as our titles go, to be able to go into the e-title world with some type of identification. If we sell cars and we don't retain ID, we're not going to be able to do that.

As far as the negative impact, where the numbers come from, I can't address that, and I'm not sure if they're talking about the sales on just this small subset of people or are we talking about car sales in general.

MR. INGRAM: Let me rephrase that. I mean, specifically, the Comptroller's report is undocumented immigrants in Texas, and using these numbers it's \$175- to \$200 million. If we wanted to modify the rules to not have that impact, what type of IDs do we need to include so that we can pick up or not lose that money from

undocumented immigrants. I mean, we've included a lot of 1 ID types but we're obviously missing something. 2 3 MR. ELLISTON: We currently will accept a foreign passport. It doesn't have to have a current visa 4 on it. 5 6 MR. BRAY: Not all undocumented aliens fail to have an acceptable form of ID. You can be undocumented 7 8 and still have a passport. MR. ELLISTON: That's correct. So I think when 9 you get to the crux of the matter is do you require 10 identification and do you require one that's verifiable, 11 and then if you go past that, then you get back into the 12 13 realm of do we accept an ID which has been recommended that we accept the Mexican matricula card. That seems to 14 15 be the card of choice in this matter to try to recoup on 16 the undocumented immigrant. So short of doing that, I 17 don't think I have an answer of saying what we could do to expand the rule. 18 19 MR. WALKER: You're with TIADA? 20 MR. LANGFIELD: Yes, sir. MR. WALKER: And I'm holding another document 21 that says TIADA also on the inside of it right here. 22 2.3 MR. LANGFIELD: Yes, sir. 24 MR. WALKER: And it says the tax projected 25 revenue loss is \$52 million, you just told me \$176-.

Which is correct?

2.3

MR. LANGFIELD: I'm not looking at the document you're looking at. I believe the speaker who I inadvertently preempted is going to present on that very document.

MR. VANDERGRIFF: Well, if I can address that because I've read this. One is an estimate based upon a percentage out of a report issued by the Comptroller; another is an estimate based upon a TIADA member survey. I think they were separate and independent observations but they kind of correlate. I believe that's what they are. You can comment on this one, and Mr. Duncan can comment on this, but you also are aware of the survey.

MR. LANGFIELD: That is certainly a member survey.

MR. VANDERGRIFF: So I don't know that either one of these numbers that anybody is going to state with any degree of certainty, 100 percent certainty that these are the numbers. The point I believe they're trying to make is there is an estimate that it will impact business and tax revenue in Texas. Is that fair?

MR. LANGFIELD: Yes.

MR. WALKER: Danny, let me ask you this question. This projected loss of tax revenue to the state has been relayed to me in two different ways, some by your

1	people and some by my own assumptions, but what you have
2	just kind of said to me, I think, is that we sell I
3	don't know the number but hundreds of millions of
4	dollars worth of cars to people in Texas who don't have a
5	driver's license?
6	MR. LANGFIELD: I don't know that they don't
7	have a driver's license.
8	MR. WALKER: Well, if they have a driver's
9	license, there's not an issue here. Is that not correct?
10	MR. LANGFIELD: That is correct.
11	MR. WALKER: A driver's license will suffice
12	for what we want.
13	MR. LANGFIELD: Right.
14	MR. WALKER: So you're selling a lot of cars to
15	people who don't have the ability or the right to drive on
16	the roads in the State of Texas. True or false?
17	MR. LANGFIELD: I don't sell any cars at all,
18	I'm with the association.
19	MR. WALKER: But your members do.
20	MR. LANGFIELD: Yes. Our members certainly
21	sell the vehicles.
22	MR. WALKER: You surely represent them, John
23	Esparza speaks for the trucking industry.
24	MR. LANGFIELD: Absolutely. We are here to
25	represent them.

1	MR. WALKER: Who are you selling these cars to,
2	or who are your members selling cars to that don't have a
3	driver's license, and why do we sell them cars if they
4	don't have the ability to drive them?
5	MR. LANGFIELD: Well, right now there's not a
6	requirement that an individual have a driver's license in
7	order to purchase a car in Texas.
8	MR. WALKER: But there is to use that car.
9	MR. LANGFIELD: Pardon?
10	MR. WALKER: But there is to use that car.
11	MR. LANGFIELD: There is, and I think there's a
12	whole separate agency that's charged with enforcing who is
13	and who's not operating vehicles on the road.
14	MR. WALKER: I can give you some war stories
15	about some people who don't have a driver's license and
16	don't have insurance that shouldn't have been there that
17	cost my company hundreds of thousands of dollars.
18	MR. LANGFIELD: I don't have any doubt of that
19	and I wouldn't want to try to contradict that.
20	MR. WALKER: So there's a huge loss that maybe
21	we can fix here going forward from keeping off the road
22	that shouldn't actually be on the road.
23	MR. VANDERGRIFF: But what we don't have is a
24	correlation between the sale of these vehicles,
25	necessarily, and driving of these vehicles without a

1	license which is a disconnect in this from an operations
2	fix, because I don't think anybody here for or against
3	this has any information on that.
4	MR. WALKER: Well, where are the cars going,
5	Victor?
6	MR. VANDERGRIFF: I have no idea, Johnny. I'm
7	trying to argue with that. I'm just saying it's a great
8	question that you're offering, but no one here is
9	addressing that question.
10	MR. LANGFIELD: We don't know the answer to
11	that.
12	MR. WALKER: I'd suggest that we get that
13	answer. It's a pretty big piece of the pie, in my mind.
14	MR. LANGFIELD: Certainly.
15	MR. INGRAM: It's an interesting question,
16	though, because it's interesting that we are being
17	provided the different impact studies, one from the
18	Comptroller, one from TIADA, what type of impact study did
19	VTR do on this proposed rule?
20	MS. JOHNSON: I think that's the information.
21	It wasn't an impact study, but that's what's driving this.
22	MR. ELLISTON: It was our position on why we
23	were how we were moving forward with the ID. The ID is
24	required in the legislation, the legislation was passed to
25	help us with the e-titling and to help reduce fraud in the

state, and the legislation said the board will choose what that ID will be. So we put together the rule based on the very best information we had of what documents. If we're going to collect identification, in our minds when we put the rule together, it should be identification that was verifiable, something that we could use.

2.3

MR. INGRAM: But basically you did not look at -- you looked at the verifiable nature of the ID, not at what the potential economic impact would be to the state.

MR. ELLISTON: We did not.

MR. VANDERGRIFF: The other interesting question, and Mr. Walker raised this -- and we're going to get to that when I see the survey discussed in Mr.

Duncan's report, and I have questions about that, it's a huge number -- but having said that, if that many people have bought cars that don't have a valid U.S. ID and they're driving around on our roads, you would think there would be some corresponding hue and cry about a number of people being stopped on Texas roads that are driving without a valid ID, and I do not know the answer to that.

MR. INGRAM: Well, I can partially answer that question is that you can obtain in Texas insurance without a driver's license. It is not required to have a driver's license, current or whatever, to get insurance. Our

insurance in the state is a little unusual, so you do not have to have a Texas driver's license to get insurance, liability or otherwise.

2.3

MR. WALKER: That's true, but you do to drive that car.

MR. INGRAM: You have to have a Texas driver's license to legally drive a car. If you get pulled over, you're going to get a ticket for not driving with a current valid license.

MR. ELLISTON: And if I can make one comment regarding that. The problem for law enforcement also is with people who don't have a driver's license or don't have verifiable identification, and you spoke of the hue and cry of people who are getting stopped and that on the roadway. The problem with that, as I have testified before a Senate committee once before, is that not only do they not have a driver's license or not have insurance, they don't have a driver's license, they don't have any type of identification, what they give the officer, if he can't verify that at the moment, he's never going to find him again. So there's no hue and cry because they don't pay their fines.

If our data is not good in our titling system, when the car is moved through -- or if we have undocumented owners of the vehicles, when they move

through the tolling systems, I would suspect that the tolling systems have a tremendous amount of scofflaw out there because folks aren't paying because they know they're not going to be able to find them. So there is a lot of that economic impact to the State of Texas also, not just based on car sales but based on higher insurance rates, based on scofflaws from citations from government entities and for toll roads and those sorts of things.

2.3

MR. INGRAM: Do we have any statistics or any amount of money?

MR. VANDERGRIFF: Actually, there is. I can provide that to you; I can't do it today, unfortunately. But in part of my public life, as the members know, I've served on a toll authority, and one of the leading issues that the toll authorities and Department of Transportation entities want to cover is as we've gone to an allelectronic tolling system across the country -- and there's lots of reasons for that, the air quality, ease of congestion, et cetera -- there is one major problem with it is they no longer collect like they did when you stuffed a coin in the basket. And one of the major issues is not being able to find people. It's for a lot of different reasons: readability and reflectivity on plates, but it is also because there is not a connection between the driver's license and the vehicle. And that's

something that not all but many states face, and so they 1 are urging that to be done. And I will get you that 2 information. 3 MR. WALKER: I have another question for you. 4 Your documentation from the Comptroller's Office, your 5 6 document that you gave to me, says that "Undocumented 7 Immigrants in Texas, a Financial Analysis of the Impact to the State's Budget," the Comptroller estimates 3.6 percent 8 of the state's motor vehicle sales are generated to 9 10 undocumented immigrants. 11 MR. LANGFIELD: Yes, sir. 12 MR. WALKER: And so what your assumption is 13 that none of those undocumented aliens had a valid ID. that correct? 14 15 MR. LANGFIELD: I don't think I understand the 16 question. There's an assumption there that I'm not 17 following. MR. WALKER: In your math that you used. 18 19 MR. LANGFIELD: Oh, yes, I see. That's the maximum exposure. 20 MR. WALKER: But that's not the factual 21 exposure, is it? If he has a passport, we're going to 22 sell him the car. 2.3 24 MR. LANGFIELD: He wouldn't be an undocumented 25 immigrant if he had a passport.

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1	MR. WALKER: I presume that's what we're
2	referring to when the Comptroller's Office makes this
3	report here. He couldn't have a driver's license, could
4	he?
5	MR. BRAY: Texas driver's license?
6	MR. WALKER: But he could have an unacceptable
7	form of another driver's license.
8	MR. BRAY: You can be here in this country in
9	an undocumented status.
10	MR. LANGFIELD: We wanted to use state-provided
11	numbers to make some attempt to measure the fiscal impact
12	to the state of these proposed rules.
13	MR. WALKER: But we don't have any study that
14	says the state is going to have a fiscal impact of \$176
15	million which is the assumption that you have made here
16	before a public committee meeting here that we're making a
17	decision on.
18	MR. LANGFIELD: Yes.
19	MR. WALKER: And so you've made an assumption
20	is what you've done. We don't have a factual estimate, do
21	we?
22	MR. LANGFIELD: Well, it's a mathematical
23	projection based on numbers from the state comptroller.
24	MR. WALKER: So nobody that bought a car,
25	undocumented, did it through a legal transaction.

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MR. VANDERGRIFF: I think the answer to your question would be you're right, they aren't they doing that, they're pointing there is the potential for an actual impact.

2.3

MR. INGRAM: I guess the question is if that's the top-end number, obviously these stats are a little bit old too, it's probably higher than that now currently, but that's your top-end number -- I'll wait till Johnny finishes.

MR. VANDERGRIFF: Do you have a question?

MS. JOHNSON: I have a question of Mr.

Langfield. Let me see if I can figure out how to get this out here. In the ID rules that we're considering proposing, I agree wholeheartedly with Ms. Phillips and with your interpretation that a person does not include a dealer, I'm 100 percent on the same page with you. I participated in the development that legislation. Some of the information in our documents was actually false because I participated and we never intended to infer if

But we're allowing dealers to submit the identification number for the title and initial registration transaction to the department but to keep that yourself, so if the 61 percent of your dealers -- which is the number I was given, I think by Mr. Martin --

you're a person, you're a dealer.

accept the Matricula Consular card -- well, that won't count as an identification number.

2.3

MR. LANGFIELD: Not under the proposed rules.

MS. JOHNSON: The rule that we're working on, but the way that we're trying to accommodate that is you keep the identification, and does that address any of this issue for you? Let me let you answer that one and then I've got a second question.

MR. LANGFIELD: To answer your question, we really appreciate the department and agency working to try to find a way to implement that. What this particular was meant to be was a financial impact, and no, ma'am, that would not make a difference to the financial impact.

MS. JOHNSON: So is your input today, your presentation, your five minutes that I'm eating up -- that I think we are not eating up right now -- only address the financial impact? Because I'm also in receipt of a letter dated September 28, 2011 from Mr. Dunnigan, your general counsel, and I don't want to ask a question on that if you're only addressing fiscal impact, but I will. What it says is: "Second, placing unnecessary barriers to the title registration and licensing process deprives government and law enforcement of valuable information." But I heard from three law enforcement people or two, and I've got a whole bunch of emails that said they can't

validate this. So this is not a valid statement. 1 MR. LANGFIELD: Well, again, that is 2 3 attributable to Mr. Dunnigan, but I will address that, because -- and this will be anecdotal and is a long way 4 from anything in the Comptroller's report -- the dealers 5 6 that we visit with, I think you'll hear some comments to this effect later, they believe that a lot of these 7 8 transactions will go underground and that there will be a t thriving black market for registration insignia and 9 plates. 10 MS. JOHNSON: And I've heard that myself. 11 MR. LANGFIELD: And if that is the case, then 12 13 you have not achieved additional transparency in your title system. 14 15 MS. JOHNSON: But we might have slowed some of 16 it down. We might be creating a whole other market. 17 MR. LANGFIELD: I think it's a give and take. It would just be for the board to consider. 18 19 MS. JOHNSON: And we regulate that market too, though. 20 MR. LANGFIELD: Well, no one regulates the 21 22 underground market, unfortunately. I'm talking about the black market, illegal activity. 2.3 24 MS. JOHNSON: Right. But if we accept the matricula card, they can't validate that it's valid, and so 25

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it serves no benefit to law enforcement to reduce fraud if we accept this because they can't validate that fraud is or is not being committed at that point because they can't validate the database, which that seems to be the problem. And I would like to hear from the Mexican Consulate, who is here, that why can't we validate your information.

2.3

MR. LANGFIELD: You're raising great points, but the only thing I would say is that the fiscal impact is not mitigated by that. The money is currently being collected from this population, whether we're in favor of it or opposed to it.

MS. JOHNSON: But we don't know what loss of revenue the state is also suffering. I personally have had two cars stolen. That was a great loss of revenue. Somebody ended up with a car that could have been sold by me and maybe the state would have gotten revenue. Because that car was stolen, they can't do anything about it, so it's still a loss.

MR. LANGFIELD: The idea would be to measure that on the other side. This was nothing but an attempt to try to measure some fiscal impacts.

MR. VANDERGRIFF: What you're saying is you're just giving, based on a study from the Comptroller's Office, a potential percentage of business loss.

Obviously, you're on the side of being concerned about

1	this rule and you're not trying to go quantify the
2	differences in what would be mitigating factors to reduce
3	it, you're just merely pointing out this issue exists that
4	should be reviewed.
5	MR. LANGFIELD: Yes, sir, that is exactly
6	right.
7	MS. JOHNSON: And this could potentially impact
8	your dealers which is our industry.
9	MR. LANGFIELD: Yes.
10	MR. VANDERGRIFF: And the state, the state's
11	revenue too.
12	Any further questions?
13	(No response.)
14	MR. VANDERGRIFF: At this point I would like
15	to, and Mr. Ames, I will give you an option here because I
16	know that you have a very busy schedule and you oversee a
17	whole lot of people, you've sat here very patiently.
18	Would you prefer to go now or after Mr. Duncan, which
19	otherwise I would recall?
20	MR. AMES: I'll be happy to go right now.
21	MR. VANDERGRIFF: Okay. Again, we appreciate
22	you being here. We appreciate everybody being here.
23	MR. AMES: It's officially good afternoon.
24	Chairman Vandergriff and board members, my name is John
25	Ames and I am the Dallas County tax assessor-collector.

Dallas County is the second largest county in the State of Texas, the ninth largest county in the country. Last year my office registered almost 2 million vehicle registrations and we transferred over 585- titles for purchasers. That represents 8 percent of all the registrations in the State of Texas and over 11 percent of all the title transfers processed in Texas.

2.3

I tell you this to give a perspective of the motoring public that I serve as an agent of the DMV. I'm concerned about the ID requirements that the VTR Division has proposed by the administrative rule being considered here today. My concern is the exclusion of the Matricula Consular card that is issued by the Mexican Government.

When this rule was originally proposed, I had many conversations with VTR director, Randy Elliston, and I even expressed my concerns to Chairman Vandergriff. To further explain my position on this card, my office invited Mr. Elliston to Dallas to tour the North Texas Consul General's office and observe firsthand the great amount of detail and accuracy put into the issuance of a Matricula Consular card. And I would like to say we have Consul General Ojeda here with us today so that if you have any questions about the card.

DMV staff has indicated that the proposal of this rule will have no financial impact on the state and

local counties. I think you just heard from Mr. Langfield that we believe that there is a financial impact.

2.3

Mr. Walker, do we know what it is? No, we don't, but neither does the DMV because they didn't even do a study to determine if there was. They did throw out there a number of zero to say that there would be no financial impact.

as a valid form of identification, state and county revenue could be significantly decreased, not just state revenue but county revenue. If people do not register and title their vehicles in your county, our road and bridge district revenue will go down, our commissions to run our tax offices, Ms. Johnson, will go down, not just the sales tax that the state gets, but as you know, Ms. Johnson, the tax office and the counties receive a commission on that sales tax for collecting it on behalf of the Comptroller. That will go down.

MS. JOHNSON: Even though we don't accept that card right now? I don't think there would be any impact to my county, would there. If I don't accept this right now, there would be no impact.

MR. AMES: But it would greatly affect my county.

MS. JOHNSON: Right. But just to be clear, not

all of us -- most of us are not accepting it now. So go ahead. I'm sorry.

2.3

MR. AMES: Fraudulent titles will increase because of the use of fraudulent driver's licenses, vehicles in fictitious names and vehicles in another person's name without heir knowledge. More vehicles will be on the roads without proper titles and/or registrations.

DMV staff has also indicated that discontinued acceptance of the matricula card will reduce fraud. I haven't seen or been told about any documentation regarding a study that was conducted by the DMV on fraudulent matricula cards. If fraud is a concern, as it always is with title transactions, then a study should be conducted and a report detailing the reasons for the fraud should be presented to this board and the county tax assessor-collectors.

In Dallas we're very serious about fraud. We make an extra effort to train management and staff to recognize fraud. ID fraud can be a problem, from both the matricula card and the Texas driver's license, as you've heard here today. For that reason, Dallas County Tax Office has established a business partnership with the North Texas Mexican Consulate and his staff whereby we make them aware of any issues with fraudulent Matricula

Consular identification cards.

2.3

In turn, the consulate office has provided the Dallas County Tax Office with tools to quickly and easily identify the validity of an original card, and this right here is a matricula card and one of the very simple tools which is a decoder that you can place on top and see some of the validity and how you can catch the fraudulent cards.

MS. JOHNSON: Can we have that up here?

MR. AMES: Yes, you may see this. I'll send that up there.

Mr. Rodriguez is from the Consul General's office, and he is also going to pass out to you a document that explains the validity of the cad, and the page that he has turned open shows you how to look at that.

When I hear today that these cards cannot be verified, my office verifies them daily. We use this tool daily to determine if they're fraudulent or not. When we determine that we have a question about a fraudulent card, we contact the Consul General's office immediately and they, right there on the phone, verify in their database if it is fraudulent or not.

I was on the DMV website this week looking around, clicked on the About Us tab. The first thing listed on the page of responsibilities was that they're

charged with vehicle registration and titles, so I think we all agree that that's a very important function that the state has charged you with. I believe that as a young state agency, the DMV has the ability to be a premier agency in Texas and a model agency for the rest of the country. To do that, this agency needs to focus on the responsibilities that it has been charged with, and one of those major responsibilities is to register and title vehicles for the motoring public.

2.3

As indicated on your own website, the vision of DMV is to be the most efficient, effective, transparent and customer-driven agency in Texas, providing excellent services to all. The mission of the DMV is to promote and protect the interests of the motoring public and all citizens in the State of Texas. And finally, the philosophy of the DMV is to earn trust and faith of all citizens of Texas by being transparent and accountable, cost-effective, customer-centric, trustworthy, performance-driven and progressive.

By discontinuing the acceptance of the Matricula Consular card, a disservice is being placed on the motoring public in this state. In my opinion, this proposed rule is contradictory to your mission, vision and philosophy. I urge you today to only accept this proposed rule after the matricula card has been included to the

1	list of acceptable IDs.
2	MR. VANDERGRIFF: Any questions?
3	MR. WALKER: I do, Mr. Ames. You said that by
4	not allowing I think you addressed specifically to the
5	matricula card.
6	MR. AMES: That is correct.
7	MR. WALKER: By not allowing the matricula card
8	that it's going to take and go out here and make people go
9	get false driver's licenses.
10	MR. AMES: It's a potential risk, yes, sir.
11	MR. WALKER: Well, your statement was that it
12	would increase fraud were your exact words.
13	MR. AMES: I believe that.
14	MR. WALKER: And that it would be greater than
15	it is today. Is that correct?
16	MR. AMES: I believe so.
17	MR. WALKER: I don't have a problem with the
18	matricula card. What I have a problem with, however, as a
19	citizen of the State of Texas and as a board member here,
20	is that if you have a matricula card and you wan to buy a
21	car, what are you going to do with it if you don't have a
22	driver's license. And you don't care, do you?
23	MR. AMES: The responsibility of this agency is
24	to make sure that vehicles are properly titled and
25	registered in the owner's name. There's another state

agency that verifies and validates if those owners can or should drive that car, sir.

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MR. WALKER: So your suggestion to this board is that we ignore whether or not people drive cars in the state legally on the highways. That's not our responsibility, that our only responsibility and duty to the state and the citizens is that we take and just make sure that we transfer titles with an ID that's valid.

MR. AMES: I think, first and foremost, your responsibility as this agency is to title and register vehicles in the proper owner's name.

MR. WALKER: With any disregard to safety on the highways.

MR. AMES: I'm not saying you should disregard the safety in any means, but I think you should also look at what your main responsibilities are. I'm not saying that you should not work with other state agencies on those concerns. But I think that your main task, as stated on your own website, is to properly register and title vehicles.

MR. PALACIOS: Mr. Ames, can you elaborate a little more. We had testimony from law enforcement officials who stated that it was difficult to verify the authenticity of these matricula cards, and you've given a different testimony saying that it's relatively easy. Can

you let me know why you're able to and perhaps they're not?

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MR. AMES: We've actually formed a partnership with the North Texas Consul General's office. We made an effort to go and work with the Consul General's office.

We encouraged Mr. Elliston to come up and he took a tour of that office and we encouraged the DMV to work with the Consul General's office. There are eleven Consul Generals in the State of Texas. All of them are willing to give our agencies, our local tax offices, the DMV those decoder cards that you've seen here today. That is the first form of validity for the card. You can instantly determine if it's fraudulent.

I will say my office does not accept copies of the card because you cannot verify if a card is valid or not. We only accept the original card.

The second thing that we can do is if we determine that we can't fully, 100 percent determine the validity of the card, we pick up the phone and call the Consul General's office. They have been more than accommodating to, if at all possible, talk to us right then, they usually get back with us within the end of the day or a 24-hour period. To hear situations -- and I'm sure situations do arise where it takes weeks to talk to some of these agencies, but if you form a relationship with your Consul General, the same way you form a

relationship with other agencies in your county, then you can get great cooperation.

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In fact, I was over at the Consul General Ojeda's office yesterday, and on her wall in her conference room is a certificate of appreciation from the Austin Police Department. They have a very good relationship with the Austin Police Department. They have the cards that can validate them, they talk to the police department on a regular basis. There's no reason that the DMV and the county tax assessors cannot also enjoy that relationship.

MR. INGRAM: Mr. Ames, it seems like at one point, though, Dallas County didn't take the matricula card, and I can't remember how this went down.

MR. AMES: We were also concerned about fraud,
Mr. Ingram, and so we said, Okay, the fraud must be coming
from that matricula card, let's stop taking it. We
stopped taking it and a week later we were -- well, a few
hours we were contacted by the Consul General's office and
said, Hey, why are you not taking our card, it's valid?
And we said, We don't know anything about your card. And
that's right then and there is when we formed that
relationship. Once we learned the validity of the card
and how we could do it, we then began taking the card. We
did agree that we would only accept the original card.

matricula card is customer-

So yes, you're correct. We, too, made an incorrect assumption and then learned our lesson and learned how to work with the motoring public in Dallas County.

MS. JOHNSON: And we have documents, I've heard from Jim Devore in Harris County in Don Sumner's office that they too accepted the matricula, then stopped, and their statements are documented that there was a decrease in title fraud in Harris County.

So I'm not saying that you're not telling the truth, I'm not saying that they're not telling the truth, but there's such a disconnect here and it's really hard to sit here and hear such differing stories, and I'm not saying anybody is not telling the truth about their personal experience.

MR. AMES: And I understand that, Ms. Johnson, and I certainly can't speak on behalf of Harris County and I don't see them here to speak on their behalf either.

So I can tell you what I do in Dallas as the second largest county and how many motoring public we affect. I can tell you that there are ways to work with your motoring public, and as tax assessor-collectors and as a state agency, we ought to be customer-centric and customer-friendly, and I do not believe that excluding the matricula card is customer-centric and customer-friendly.

MR. VANDERGRIFF: There aren't any further questions. Thank you very much. Appreciate you being here.

MR. AMES: Thank you.

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MR. VANDERGRIFF: At this point we still have several speakers that are against the proposed rule, but I will call back and interrupt that stream of people testifying and call back Mr. Duncan. And we'll let you know when you've got one minute left, and basically, no one has even come close to staying in that five minute, not because of them but because of our questions, so I'm sure you will be here for a few minutes.

MR. DUNCAN: I'm so compelling, we'll be here the rest of the day.

I've got a little opening statement. My objective is to use the member survey data from TIADA to estimate the impact on membership sales plus the subsequent impact on sales tax revenue. My company is independent and not in the normal employ of TIADA or its individual members. My findings are not influenced by the commission of this employment. I used the usual statistical practices to reduce the survey data into normalized data sets. Results were rounded down and a very conservative approach was used in rolling up the data results.

That being done, and looking at this, just a 1 personal statement, I find the rule change is exclusionary 2 3 and discriminates against a significant business and consumer segment. If this rule is designed to correct an 4 issue, I urge careful consideration to where the 5 6 correctional gains are proportioned to the offset of the projected costs to the retail car business, business 7 8 owners and tax revenues. If you like, I'll walk you through the results 9 of my survey. I think I can do it in three minutes. 10 11 MR. VANDERGRIFF: Please proceed. 12 MR. DUNCAN: We can skip the cover sheet. The 13 first slide basically shows that the survey questions made the assumption --14 15 MS. JOHNSON: Mr. Chairman, I'd like to call a 16 point of order. And Mr. Duncan, I do want to hear from 17 you, but we were of the understanding that you were testifying on this, not for or against, and it sounds very 18 19 much like you are very much against this rule proposal. 20 MR. DUNCAN: That's a good point, and I apologize. I've been listening to a lot of things and 21 just wanted to make a couple of points. 22 MS. JOHNSON: So are we going to hear on? 2.3

MR. DUNCAN: You're going to hear on.

Okay.

MS. JOHNSON:

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1	MR. DUNCAN: The survey was designed to ask the
2	TIADA members would they be affected by the rule change.
3	A certain number responded that they would be and all the
4	members were asked to fill out a survey about the various
5	elements of their business: number of cars sold annually,
6	what percentage of their business would be impacted by a
7	rule change, this type of thing. Rolling all that up and
8	looking at the tax revenue among the TIADA members that
9	would be affected by the rule change, not the total
10	membership because some members, the rule change had no
11	impact on them, but looking at the total, there's \$52
12	million in tax revenue lost which seems like a significant
13	amount, but yet it's a huge segment in automotive
14	business, absolutely huge segment. Earlier you heard of
15	the billions of dollars involved, and this is consistent
16	with that.
17	But you go to the second page
18	MR. WALKER: Excuse me. Just one point of
19	clarification.
20	MR. DUNCAN: Yes.
21	MR. WALKER: The \$52 million, is that annually
22	or biannually?
23	MR. DUNCAN: That's annually.

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 $\ensuremath{\mathsf{MR}}\xspace.$ DUNCAN: And this was just of the impacted

MR. WALKER: Go ahead.

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members of TIADA, it's not the entire used car business. 1 MR. INGRAM: So it does not extrapolate into 2 the general, all the GENs? 3 MR. DUNCAN: No. This is just the assumption 4 is there's a thousand members, so I believe there's 5 6 something over 10- or 12,000 licensed. 7 MR. VANDERGRIFF: You did not personally 8 conduct the survey, you just reviewed the results from the 9 survey. Is that correct? 10 MR. DUNCAN: Right. MR. VANDERGRIFF: And based upon your expertise 11 12 in this area, you believe within a certain margin, and 13 it's an acceptable margin to you, that it's a statistically valid survey? 14 15 MR. DUNCAN: Yes. The response was high 16 enough, about three times what was needed to generate a 17 reasonable response. Not even to extrapolate, just to respond to 18 19 data on price and sales volume on the right-hand side here, the average retail price sold by the membership is 20 vehicles of about \$10,238, and membership averages about 21 456 vehicles a year, so that's works out to about \$4.6 22 million, on average. 2.3 24 MR. WALKER: Can I interrupt you?

MR. DUNCAN: Yes.

MR. WALKER: Let's talk about the validity of 1 2 the person who comes in to buy a car with a matricula 3 card, is that average purchase price \$10,000? MR. DUNCAN: 4 Yes. MR. WALKER: And how did you get that 5 6 information? Well, it's included -- we didn't 7 MR. DUNCAN: 8 separate by matriculas, it's the total amount. 9 MR. WALKER: Would we not assume that somebody that doesn't have a valid ID probably comes in and buys a 10 \$2,000 car versus a valid ID that may be purchasing a 11 \$15,000 car? 12 13 MR. INGRAM: From personal experience, that is an invalid conclusion. 14 15 MR. DUNCAN: Yes. I do other work, the 16 automotive industry is one of my primary clients, and this 17 price is pretty good. You know, the \$2,000 cars that are out there, there's far fewer of them than you would think. 18 19 The economy is actually booming for the individuals who work in the labor force, they're making decent money and 20 they're buying better cars. This was a rollup of two 21 surveys, six months apart, and there was a shift of 22

several hundred dollars in the average car upward which

increase in used cars due to new car dealers having to

upon investigation was the result of the general wholesale

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switch to selling more used because of the Japanese earthquake and the shortage of import cars. So used car sales by independents were up and the unit cost was up.

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But the important thing here is of the membership it worked out that 24.69 percent of those members who accept the matricula card and would be affected by the impact of not being able -- 24.69 percent of their sales would be impacted which works out to an \$841 million amount.

MR. VANDERGRIFF: Now, that's an amazing number to me. I have to ask, and again, I know you didn't conduct the survey but you are engaged in analyzing sales across the state -- and I should ask this, I think it would be fair to say that those 710 TIADA members tend to be the larger independent dealers in the state.

MR. DUNCAN: Well, that was interesting.

There's not that many of them and they responded, but the mid-range responded. And I broke this into a series of buckets, did differentials and weighted them in the approved statistical fashion, and these are really good numbers. The other thing is my company has a very large database of motor vehicle registrations going back two decades from the work that I normally do, and looking at specific markets and so forth and doing little surgical and mini studies in Houston, DFW, Austin and San Antonio,

results were pretty consistent, pretty consistent.

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MR. VANDERGRIFF: It's just an astounding figure --

MR. DUNCAN: It's an astounding number.

MR. VANDERGRIFF: -- to say that almost 25 percent of independent car sales of dealers, this 710 group of dealers, that's an astounding number to me. That seems like something that we would have been talking about in Texas for a long time, not related to an ID issue.

MR. DUNCAN: I agree. I'm only interested in the survey making sure that it makes sense mathematically. As an individual, I'm amazed that there isn't 400 dealers outside wanting to speak, because if 24 percent of my potential business was at risk, I would be very concerned. I think it's just that this has not really been -- a bright enough light may have not been shone on this. I'm sorry, I'm editorializing and I apologize.

But I went back and factored this a number of different ways because I'm used to big numbers, working in the automotive industry, but the independent car dealer is a very viable component of our automotive industry in the state, and by and large, it's amazing the job they do.

MR. VANDERGRIFF: Well, how many used vehicle sales annually in Texas by the independent dealers? Do you have that knowledge? Just approximately.

MR. DUNCAN: You know, I really don't want to 1 say. I don't think I could say accurately. I tend to 2 look more at individual markets. 3 MR. VANDERGRIFF: I think I do have. 4 MR. DUNCAN: I think I heard it earlier. 5 6 MR. WALKER: You said you don't want to say. Did you mean you don't know, or you do know but you just 7 8 don't want to tell us? MR. DUNCAN: I don't know exactly. I mean, I'd 9 be shooting from the hip. We call our selves propeller-10 heads, but if you're working in numbers, if you don't know 11 the number, you best keep your mouth shut. 12 13 MR. WALKER: I'll agree with you. MR. DUNCAN: Let's go on to the next page. 14 You 15 know, this is an annual sales average, but at 24.69, 16 whether you're selling \$4 million worth of cars or a 17 million and a half, the matricula card is -- changing that rule will have a very large impact on revenues. 18 19 Any questions? 20 MR. VANDERGRIFF: I'm still having a hard time with that percentage of the sales and that number. 21 22 doesn't compute that this wouldn't have come up as an issue, people would have been talking about long before 2.3

the department proposed a rule if literally a quarter of

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the business.

1	MR. DUNCAN: Well, there's some respondents
2	where 75 percent of their business would be affected.
3	MR. VANDERGRIFF: It doesn't surprise me that
4	there's a percentage of the business affected by this, it
5	just surprises me that's that significant a percentage of
6	the business is affected.
7	MR. PALACIOS: Mr. Duncan, so I understand,
8	this is a sample survey of 710 dealers.
9	MR. DUNCAN: No. It's a sample survey of a
10	thousand membership. There were two surveys. The
11	response rates were in the 150-160 range each time. And
12	do from that we were able to extrapolate percentages and
13	then extend them to the membership, but only the 710
14	members that would be affected.
15	MR. VANDERGRIFF: Okay. You're going to ask
16	these questions.
17	MR. WALKER: Because I've got the same
18	questions.
19	MR. PALACIOS: So this was statewide and it's
20	150 members. I'm trying to get an idea as to how many
21	you're extrapolating from.
22	MR. DUNCAN: It's basically 300, but there were
23	two surveys so I'm sure there were duplicates. Over 300.
24	MR. VANDERGRIFF: So did I hear you correctly
25	that this survey has duplicates in it, potentially, people

that are counting stuff twice? 1 MR. DUNCAN: Uh-huh. 2 3 MR. VANDERGRIFF: So with that being the case, how is this survey statistically accurate? I'm reading 4 this that 710 dealers said this is their business, this is 5 6 the volume, this is how much. 7 MR. DUNCAN: We reduced each survey down to 8 data, then compared the two surveys, made the differentials, and then extended it to that membership 9 10 percentage that would be affected by the rule change. That's an accepted procedure. 11 MR. VANDERGRIFF: I understand accepted 12 13 procedure. It just doesn't -- I'm not sure that --MR. DUNCAN: It doesn't equate in your mind. 14 15 MR. VANDERGRIFF: It doesn't tell the picture. MR. WALKER: Well, also, who is generally going 16 17 to respond is somebody that is going to be affected, not somebody that's not affected. I throw a lot of surveys in 18 19 the trash can in my office because you don't have time to do them, for one, and number two, they just don't apply to 20 what I do, so I dump them in the trash can. So the 21 validity of surveys a lot of times is not real valid. 22 MR. DUNCAN: Well, point taken. 2.3 24 MR. WALKER: And when you tell me there's 25 duplicate numbers in you survey, you just trashed your

entire study, as far as I'm concerned. 1 MR. DUNCAN: When I say duplicate respondents, 2 3 you know, we factored out -- in other words, we had two surveys six months apart, we did the math on each survey, 4 and then averaged that and brought it forward. 5 There was 6 very little change, just some minor changes in increasing 7 unit value and so forth. MR. INGRAM: So it doesn't become duplicative 8 since you took the average of each subset. 9 10 MR. DUNCAN: Yes. MR. WALKER: The average retail price of 11 \$10,238, where does that number come from? 12 13 MR. DUNCAN: We factored all of the -- in the survey each respondent had an opportunity to put the 14 15 average value of the vehicle sold. 16 MR. WALKER: So it came from the survey. 17 That's my question. MR. DUNCAN: It came from the survey, yes. 18 19 I did also take a look at registrations and some various economic sources. It seems pretty much in line. 20 MR. WALKER: And so the average dealer that 21 responded to your survey sells 456 cars a year. 22 MR. DUNCAN: Yes. 2.3 24 MR. WALKER: That's about 40 cars a month. 25 MR. DUNCAN: Thirty-nine.

1	MR. WALKER: I don't know what's typical in that
2	industry.
3	MR. DUNCAN: I would say among the TIADA
4	members.
5	MR. LANGFIELD: Are we on record? May I just
6	respond?
7	MR. VANDERGRIFF: She can't see you in the
8	record that she's typing, so that why she needs you to
9	identify yourself.
10	MR. LANGFIELD: (Speaking from audience.)
11	MR. BRAY: We're not going to be able to pick
12	you up if you don't come to the microphone. You won't be
13	on the record and it won't be part of the record.
14	MR. LANGFIELD: Danny Langfield, Texas
15	Independent Automobile Dealers Association.
16	Yes.
17	MS. JOHNSON: I forget the question.
18	MR. WALKER: The question is what does the
19	average independent auto dealer in the State of Texas
20	there's a thousand members in your association, I assume.
21	MR. LANGFIELD: A thousand dealer members in
22	TIADA.
23	MR. WALKER: How many members do you have in
24	TIADA?
25	MR. LANGFIELD: About 1,100, about 1,000 of

1	which are dealer members. We have associate members as
2	well. So 1,000 dealers.
3	MR. WALKER: About a thousand dealers.
4	MR. LANGFIELD: Yes, sir.
5	MR. WALKER: My question is out of your 1,000
6	dealers, what's a representative or if you don't know,
7	just tell me you don't know what's the average number of
8	cars that they sell each year?
9	MR. LANGFIELD: Thirty-five to forty.
10	MR. WALKER: A month.
11	MR. LANGFIELD: That's why I said yes because I
12	thought you had asked was that a representative number,
13	and yes, I think it is.
14	MR. WALKER: So why do you use 710 dealers on
15	your data you're asking for?
16	MR. DUNCAN: That was the percentage of the
17	TIADA membership extended that would be affected by the
18	rule change. See, some members in the survey said they
19	would not be affected by the rule change.
20	MR. WALKER: Of the 150 that responded.
21	MR. DUNCAN: Uh-huh.
22	MS. JOHNSON: I've got to ask a question. So
23	conversely I'm a tax collector, we think weird 150
24	responded. Does that mean 850 don't care? Because that's
25	the majority of this membership and that's what they

1	should be concerned about.
2	MR. DUNCAN: I just processed the surveys.
3	MS. JOHNSON: But if 150 responded out of
4	1,000, that means 850 could give two flying flips and
5	their business apparently is not going to be affected
6	because they certainly aren't sitting here today
7	possibly, we don't know, there's still other people.
8	MR. DUNCAN: From a statistician's point of
9	view, surveys in pharmaceuticals, surveys in other areas
10	that I've processed, response rates are generally 10 to 12
11	percent.
12	MS. JOHNSON: So that's normal.
13	MR. DUNCAN: Yes.
14	MR. VANDERGRIFF: Actually, that's kind of high
15	in a lot of things.
16	MR. DUNCAN: Well, if it's a vested interest
17	survey. If it's do you prefer women with blue eyes or
18	brown eyes, one of those types of surveys that shows up in
19	some magazine, they'll draw conclusion for the whole
20	nation from 1,000 respondents.
21	MR. VANDERGRIFF: So again, 710 TIADA dealers,
22	but how many is it really?
23	MR. DUNCAN: You mean hard numbers, survey
24	respondents?
25	MR. VANDERGRIFF: Yes.

1	MR. DUNCAN: I would say between 67 and 75 that
2	responded as affected in each survey.
3	MR. WALKER: I thought it was 150 a while ago.
4	MR. DUNCAN: One hundred and fifty responded to
5	the survey.
6	MS. JOHNSON: And half of those were affected.
7	MR. WALKER: So only 60 dealers are affected
8	that responded.
9	MR. DUNCAN: Sixty-seven to seventy-four.
10	MR. WALKER: Do you have a bio?
11	MR. DUNCAN: Yes. It's on the next page.
12	MR. PALACIOS: It looks like there's a little
13	uncertainty here.
14	MR. DUNCAN: Well, you know, these are huge
15	numbers, but you're in an industry that generates huge
16	numbers.
17	MR. PALACIOS: Well, I think the confusion is,
18	because I see the perplexed looks on fellow board members'
19	and counsel's face, the sample is 150 and can you explain
20	how the 64 that are affected I thought your first
21	comment was we have 1,000 in the whole pool, 710 are
22	affected by this rule change, and of that 710, 150
23	responded. Am I understanding that so far?
24	MR. DUNCAN: Uh-huh.
25	MR. PALACIOS: And where does the 64 number

come in?

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MR. VANDERGRIFF: That's the ones that actually were affected of those that responded.

MR. DUNCAN: That said they were affected.

MR. BRAY: I don't think it's of the 710, it's of the 1,000, 150 responded.

MS. JOHNSON: That's what I heard.

MR. VANDERGRIFF: But you're projecting these results on 710 TIADA members.

MR. BRAY: And if you have 100 people respond and 29 of them said it won't affect me, and 71 of them said it would affect me, you imputed that that means 710 total dealers.

MR. DUNCAN: Fundamentally, but what we did is in the process of going through the surveys we factored to find as many unduplicated responses because there's a number of questions. If there's a different response, we figured that was a unique, and from that is where we extended it to the percentage of people affected, or businesses affected.

MR. VANDERGRIFF: Okay. I have another question on this same line, and I apologize, I'm just disconnecting some dots here, or having a hard time connecting dots. I understand the projection to the TIADA membership as a whole based upon the number who responded,

1	the members who were affected. I understand that concept.
2	If 150 responded which is, give or take, 15 percent of
3	the membership, and half of those said they were affected,
4	so if you extrapolate those up, how did you get to 710
5	that would be affected by the rule change? It would seem
6	that worst case scenario it's going to be 50 percent of
7	them, perhaps another case scenario would be a percentage
8	less. How does it get to that number?
9	MR. DUNCAN: Again, looking at these responses
10	and finding the uniques, we had something on the order of
11	83 that had unique responses, but we weighted it on the
12	responses of and I say 83 affected by the rule change,
13	and then we went through and there's a theorem that I use
14	on differentials, those that fell outside the standard
15	deviation we removed and we ended up with 71.
16	MR. WALKER: Not 710.
17	MR. DUNCAN: No.
18	MR. WALKER: Are you a licensed statistician or
19	actuary?
20	MR. DUNCAN: No.
21	MR. WALKER: You're a physics major?
22	MR. DUNCAN: Yes. I've been involved in
23	statistics my entire life.
24	MR. WALKER: In the film industry?
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MR. DUNCAN: Twenty-five years, and the auto

1	industry the last 20-some.
2	MR. INGRAM: Twenty-something years?
3	Your average client for the type of work that
4	you do is new car dealerships?
5	MR. DUNCAN: New car dealerships all around the
6	country, but primarily in Texas, and kind of scaling down
7	as I get older. But I've got dealerships in DFW and San
8	Antonio, Houston.
9	MR. WALKER: You're from Texas, I assume?
10	MR. DUNCAN: No.
11	MR. WALKER: Oh, you're not.
12	MR. DUNCAN: The old saying, I got here as
13	quickly as I could.
14	MR. WALKER: You live in Texas?
15	MR. DUNCAN: Yes, I do. I live in Dallas.
16	MR. WALKER: Your company, Russ Duncan National
17	Marketing Service is located in Dallas.
18	MR. DUNCAN: Yes.
19	MR. WALKER: All right.
20	MR. VANDERGRIFF: Any further questions?
21	MR. DUNCAN: I thank you. Again, it may be
22	hard to accept the numbers, but the real issue is that
23	there is an enormous economic impact not only on tax
24	revenue but also there's a lot of businesses that are

going to lose revenue, so it's something to consider.

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1	MR. VANDERGRIFF: Thank you.
2	MR. INGRAM: I was going to ask for another
3	break.
4	MR. VANDERGRIFF: I do understand that. We've
5	been going for 2-1/2 hours. I will tell you if you can
6	hang in there, we do have only three more speakers left
7	and they're all three minutes.
8	MR. WALKER: Let's go. I can hold it.
9	MR. VANDERGRIFF: And then I thought we would
10	take a break at that point. Leave for to you to capture
11	the essence of the moment.
12	MS. JOHNSON: He'll be asking them questions.
13	MR. VANDERGRIFF: I should learn, I should know
14	after all the years.
15	(General laughter.)
16	MR. VANDERGRIFF: Frances Badgett.
17	MS. BADGETT: Hello. My name is Frances
18	Badgett. I'm the general manager for a used auto
19	dealership here in Austin. We're a mid-size buy-here/pay-
20	here dealership.
21	I'm very concerned about the direction that
22	these conversations keep going. I do not see that anybody
23	has done the research that needs to be done concerning the
24	true impacts that this is going to have on our economy.
25	I'm not here to discuss the relative merits or demerits of

legal or illegal immigration, however, let's not forget that whether we like it or not, our economy -- and that is you and me -- depends upon a constant supply of capital and labor. Labor must be mobile in order to survive.

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I see that the discussion that we had with Monica Blackwell, in her testimony I heard everything about this ID rule was adopted based on the need to streamline information, I heard about delays in RFPs, processes, implementation, et cetera. I didn't hear anything coming from her about any impact studies in terms of impact on our economy. This concerns me. I did hear a little bit of hope there that there is an alternative via the electronic signature option.

What I wanted to say in the beginning -- and I had this whole speech ready and now I'm all just like all -- there's so many things that need to be addressed, I don't even know where to start. My main concern is that the impacts on dealers, associated vendors, employment, et cetera is much greater than anybody here realizes, and I feel like it is incumbent upon the Texas DMV Board to look into what those impacts are. Unfortunately, I don't see that anybody has given you the figures that we really need to see.

I did identify five areas of impact that I am concerned about. The main one, of course, is the loss of

revenue for us as dealers. We do provide sub-prime consumers the ability to purchase a car and get mobile, that is what we are all about. Sub-prime consumers come to us in many shades and colors and stripes. Who are they? They are our janitors and our landscapers and our waiters and our plumbers and our warehouse workers and our truck drivers, they are the backbone of our economy. And yes, it is currently legal for us to sell vehicles to anybody with any form of ID, currently, currently.

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Again, area two, loss of revenue for associated vendors. I was hoping that people would have better figures that I could base my concerns on in terms of the impact that it's going to have here on our economy.

Again, our inability to sell vehicles will have a domino-like effect on a whole host of industries associated with these auto sales. That 30 percent figure that he alluded to, we are one of the dealers that, yes, we do a good 30 to 40 percent of our sales do include other forms of ID other than Texas driver's licenses.

MR. WALKER: What would those forms be?

MS. BADGETT: We accept the matricula card, that is the card that I would hope, that I fervently hope you will include as an acceptable form of ID. And I think, based on the testimony earlier, I think it's been made pretty clear that that ID is vetted. You have a

matricula ID card. Those people are here legally. I think we're associating this Mexican ID card with illegal aliens. The whole idea is that these people have gone through the process to get this ID, this matricula ID card.

MR. WALKER: I don't think there's any assumption here that anybody is illegal.

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MS. BADGETT: Okay. Our concern is that with loss of revenue we'll have to reduce our workforce and lay off employees. Again, I believe it is incumbent upon your agency to determine the impact of your decision upon our economy and our livelihood.

For the state, I do believe there is going to be a larger loss in sales tax revenue than what was presented here, because I don't think everybody did their homework, personally. I don't think that dealers across the state understand the impact that this rule is going to have on their business. I talk to dealers every day, or I was talking to dealers this weekend, and they were like: What do you mean, ID rule change? Dealers I talk to, buy-here/pay-here dealers that I talk to every day don't even know or understand that this is even happening because they don't educate themselves. So a big part of the problem is people aren't educated about this issue properly, for whatever reason, their own lack of interest,

or I don't know. It doesn't make sense to me that people 1 don't understand or pay attention to what's happening. 3 MR. VANDERGRIFF: Well, I want to stop you. One thing I will say, it is hard in any world, the 4 minority are the ones that, in effect, protect the vast 5 6 majority of the folks affected because the vast majority 7 don't read anything. That's just a fact of it, and so I 8 very much appreciate the fact that you and some of your fellow dealers actually read it and you're sounding the 9 10 alarms for your industry for us to consider this. But at

the same time, ignorance of the law is no excuse for it,

so I won't have too much sympathy if we pass the rule and

then they complain: I didn't know about it? They had an

14 opportunity.

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MS. BADGETT: Right.

MR. VANDERGRIFF: But you're taking that opportunity for them, and I appreciate that.

MS. BADGETT: Okay. I would like to point out that you currently have an advertising campaign called "Put Texas in Your Corner."

MR. VANDERGRIFF: And I will ask you at this point, because I let you go a little long, it was interesting, but I've let you go over that time limit. Do you have a wrap-up?

MS. BADGETT: I am here to encourage you to

allow us to also accept the CID, the Mexican Matricula 1 Consular ID card. 3 MR. INGRAM: I have one real quick. You're obviously repeating a lot of the same things that have 4 been brought up, but one of the things new that I heard is 5 6 that we have to consider the cascade effect of not only is 7 it impacting an individual dealer or the State of Texas, 8 but it's also impacting all the businesses down the line 9 that those people can't get to work and can't spend the 10 They're not providing gross product, if you will, to the State of Texas. That's kind of your point. 11 12 MS. BADGETT: Right, right. 13 And can I make one more point? You guys are

concerned about this 30 percent figure. I have talked to people that title vehicles, title registration offices. huge portion of the renewals that they do, they accept varying forms of ID also. Their business will also be affected.

MR. VANDERGRIFF: We still have some questions. Mr. Ingram.

MR. WALKER: Are you a member of TIADA?

MS. BADGETT: I am.

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MR. WALKER: Did you fill out the survey?

MS. BADGETT: We did.

MR. WALKER: And can I ask you how many cars

1	you sell a year?
2	MS. BADGETT: We sell about closer to 1,200 to
3	1,300, we do 75 to 100 vehicles a month, we are fairly
4	large.
5	MR. WALKER: So you're the exception to the
6	average number. And can I ask you how many cars you sold
7	to people who did not have any valid form of ID?
8	MR. VANDERGRIFF: That's a debate, the valid
9	form of ID.
10	MR. WALKER: I don't think you need any ID
11	today to go buy a car. Is that not correct?
12	MS. BADGETT: As the law states right now, we
13	can sell a vehicle to anybody.
14	MR. WALKER: That's correct.
15	MS. BADGETT: So anything other than a Texas
16	driver's license, 30 to 40 percent.
17	MR. WALKER: Do you have a hard number on that,
18	though? Do you keep track of that? Is that a guess?
19	MS. BADGETT: There's no tracking.
20	MR. WALKER: So how do you know that then?
21	MS. BADGETT: Because I do the financing and I
22	do the contracts.
23	MR. WALKER: You finance a car to somebody
24	without any form of ID?
25	MS. BADGETT: I didn't say without any form of

1	ID. We accept many forms of ID other than the current
2	Texas driver's license.
3	MR. WALKER: If I wanted to borrow \$10,000 from
4	your dealership to buy a car, what would you ask me to
5	provide to you?
6	MS. BADGETT: Whatever current form of ID you
7	have available.
8	MR. WALKER: I don't have any today.
9	MS. BADGETT: Well, if you don't have any ID on
10	you, I'm not going to sell a vehicle to you.
11	MS. JOHNSON: Or you're not going to finance
12	the vehicle.
13	MS. BADGETT: Correct.
14	MS. JOHNSON: You will sell the vehicle but you
15	won't finance it.
16	MS. BADGETT: No, no, no. We will not sell or
17	finance. You do have to have some form of ID to identify
18	yourself.
19	MR. WALKER: I have a utility bill.
20	MS. BADGETT: Along with a utility bill,
21	absolutely. As a matter of fact, and I don't know that I
22	want to advertise this, but we don't use GPS on our
23	vehicles, so we are very strict about getting information
24	from our customers on where they're at, utility bills,
25	references, et cetera.

1	MR. WALKER: Why do you want to know where I'm
2	at?
3	MS. BADGETT: If I need to repossess the
4	vehicle.
5	MR. WALKER: How many of the cars that you sell
6	do you repossess?
7	MS. BADGETT: We actually have a very low rate
8	of repossession compared to other people in the industry.
9	We work very hard to keep very hard to keep our people in
10	our vehicles. I believe the industry is about 20-25
11	percent for repossessions, we're about 12-13 percent. We
12	have a considerably low repossession rate because we work
13	with our people to keep them in a vehicle. And we work
14	very hard to identify who they are, where they live. We
15	do accept varying forms of ID.
16	MS. JOHNSON: That figured out my question.
17	MR. VANDERGRIFF: Any questions?
18	(No response.)
19	MR. VANDERGRIFF: Thank you.
20	Shane Rhodes.
21	MR. RHODES: Good afternoon, ladies and
22	gentlemen. I am a small business owner in Houston, Texas,
23	I have about 85 employees. We sell and finance about 200
24	vehicles per month.
25	I just got a Cross-Sell Report from Montgomery,

Fort Bend County and Harris County that was 20,000 new cars titled from the Cross-Sell Report in March, 11,000 from new car dealers. There's about 900 on the list here, so to your question, Johnny, about 23 are little dinky dealers, so if our members are 40, that's probably a good number there.

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One of the proponents of this rule was talking about a thousand problems in six months and here's 20,000 in a month, so it's really a small problem that I feel like we're using a cannon for.

Making sure I know who I sell and finance my cars is very important to me. We finance a very nice car, we sell all of our vehicles with a warranty included, we have \$8- to \$15,000 at risk when we sell these people these cars. Knowing who they are is important. Sometimes I am comfortable with it being a utility bill and a pay stub, and many of the dealers that do what I do feel the same way.

Texas has three of the largest cities in the nation. They have been defacto sanctuary cities for 20 years for millions of undocumented workers in Texas. They are not going back. They have homes, they have children and they have jobs, and they will continue to drive to work somehow.

Implementing this rule will affect my business,

and most other dealers I have talked to, between 10 and 40 percent. As I was writing this today, I got a text from one of my vendors who serves many small dealers, about 100 in the Houston area. I had him take a straw poll on the phone this morning, he got in touch with about 20 of his dealers, and they said, Oh my god, I told people it was only 30, but if it's going to pass, it's really going to be 50, I just don't want to let people know I sell that many illegal aliens — or undocumented workers — excuse me.

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I currently collect about \$80,000 a month in sales tax, so if my business goes down, that's a pretty big number. This will have a financial impact on the State of Texas.

Our government spent a billion dollars on a fence that didn't work, and as one of our state officials said, if you build a 30-foot fence across the border, the only thing that will happen is 35-foot ladders sales will increase. Well, that was tongue-in-cheek, but fraudulent IDs will increase, no question about it, if we pass this.

There are already laws to stop and address fraudulent IDs. That's not the purview of automotive dealers. And accepting a matricula card, although it is a patch, only 59 percent of undocumented workers are from Mexico. What about the people from Honduras, El Salvador, are we just going to leave them out because they don't

have a mechanism?

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Our country obviously needs comprehensive reform for the undocumented so everyone can be identified and we can implement electronic titling. As Mr. Walker pointed out, you should have a driver's license to sell a card, but you also need to be here legally and have the proper IDs to get in. But we're not building a fence, we don't have Border Patrol and we're not doing anything else. Our federal government obviously has failed us. But you can go to public school, you can get healthcare, you can get women and infant car if you're undocumented.

MR. VANDERGRIFF: I'm going to ask you to, if you could, Mr. Rhodes, wrap.

MS. RHODES: I'm almost done, I've got two more sentences left.

But we'll not be able to sell them a car.

Asking auto dealers to be the starting point for figuring out what works for reform for the undocumented is not in the spirit of free enterprise and why should car dealers have a higher threshold of ID requirement than HISD does to enroll in their school?

Thank you.

MR. VANDERGRIFF: Any questions?

MR. WALKER: I do. He brought up a great point. The matricula card is strictly a Mexican deal. Is

1	that not correct? We have got as many Guatemalans,
2	Colombians, and every other country, and El Salvador, we
3	probably have a greater percentage of those than we do
4	Mexicans in Houston. What are they going to for an ID
5	without a matricula card?
6	MR. RHODES: Like I said, I accept a utility
7	bill.
8	MR. WALKER: Driver's licenses are acceptable,
9	Shane.
10	MR. RHODES: I said I accept a utility bill.
11	HISD accepts a utility bill.
12	MR. WALKER: So even if we added matricula
13	card, we have no idea whatsoever what the impact still
14	would be of people who do not have a form of
15	identification.
16	MR. RHODES: That's correct.
17	MR. WALKER: That's a real good point. I hadn't
18	thought about that.
19	MR. INGRAM: From somebody else in the
20	industry, one of the things that I really struggle with
21	and I'm pretty sure that you do as well but I'll ask you,
22	the insurance requirements in Texas and the insurance that
23	our customers get, it's becoming more and more difficult
24	to get claims filed. There's so much insurance that's

being denied on damage and claims because policies are

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named driver only policies, whereas they're only willing to cover the person that's driving the vehicle. I'm really concerned about the end run here of passing these rules — and it's been brought up numerous times that, well, what they should do is go get their friend to go buy it for them and then the friend is going to let them drive it. So I think almost you're going to have more people driving without the proper insurance in these scenarios.

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MR. RHODES: Most of the discount insurance companies you see advertised on TV, their policies are all not like the people sitting at the board, they are named driver only and they have exclusions, your wife is excluded, your 17-year-old kid is excluded, everybody is excluded. And yet, most of the customers that this market serves that buy these 20,000 used cars here last month, are low income people. The owner is only driving the car 30 to 40 percent of the time.

MR. WALKER: You sold how many cars last month?

MR. RHODES: I sold 200.

MR. WALKER: Two hundred.

MR. RHODES: On finance, all on finance.

MR. VANDERGRIFF: Any further questions?

(No response.)

MR. RHODES: Thank you, sir. Thank you, gentlemen. Thank you, ladies

MR. VANDERGRIFF: Thank you, sir.

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Last, but not least, certainly, of our speakers today with three minutes is Alex McGraw.

MR. McGRAW: Mine will be quick. I just wanted to say to Chairman Vandergriff and the other members of the DMV Board that I just wanted to concur with what was said by Mr. Ames and Mr. Langfield in their information that was given and the opinions that were expressed. Thank you.

MR. WALKER: Who are you with?

MR. McGRAW: Dallas County Tax Office. I'm sorry. Alex McGraw with the Dallas County Tax Office. I'm one of the branch managers.

MR. WALKER: Okay. Thank you.

MR. VANDERGRIFF: I do want to note that we have a dozen people who did not wish to speak but have registered against he proposal, and those are: Robert Blankenship, Mark Fish, John Crouch, Donavin Greenberg, Brett Rhodes, Deborah Polar, Kantan Labaj, Paul Long, Jose Gonzalez, Kyle Chapman, and Kathrine Tolsch. So I appreciate all of you attending today and registering your opinion on this matter, and thank you for that.

Then I did promise that if there was something that had come up relative to anything on the law enforcement side of this that Mr. Browning, on behalf of

the proponents, would have a couple of minutes if there's 1 something you felt like you needed to address. If not, 2 3 then no need to come back up here just to talk to us. MR. BROWNING: There's only two items that I 4 wanted to address, if I could, sir. One, the lady that 5 6 was speaking a while ago made a statement that he people that have matricula cards are obviously legal in Texas. 7 8 That's not correct at all. They don't have to be legally in 9 Texas to get a matricula card. Matter of fact, our experience in law enforcement has been the majority are 10 11 not. 12 MS. JOHNSON: Why do they get a matricula card 13 then? MR. BROWNING: All that is saying is that they 14 15 are -- and correct me if I'm wrong in your office, sir --16 is that they are a Mexican citizen in the United States. 17 It doesn't say in the United States legally. MS. JOHNSON: Because then they'd have a 18 19 passport. Right? MR. BROWNING: Because if they were legally in 20 the state, they would have one of the other forms of ID 21 that would be accepted by this rule. 22 The only other thing was that along those same 2.3

lines the, for instance Guatemala was brought up, a lot of

different nations have come up with CID cards from their

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consulates, actually following the lead of Mexico that I believe was the first one to do that. So it would be the same rule would apply to all of them that if they were here they would have access to a card that would be acceptable and could drive or obtain a driver's license. If any of them from any of the countries -- I don't want to just single out Mexico -- if that's the only card that they can get, then they may not be here legally and they may not be legally able to drive.

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MR. VANDERGRIFF: Giving what you're testifying, I think that we do have two officials here from the Mexican Consulate who probably are subject matter experts on this issue. Go ahead, please, and identify yourself for the record.

MR. ALCOSER: My name is Rodrigo Alcoser from the Mexican Consulate.

I just want to say that the Consular ID is not designed to be documented or undocumented, the requirement is to be Mexican. For example, I have my Consular ID and it's more convenient for me to be carrying my Consular ID than my passport.

MR. BRAY: Would you please spell your name for the court reporter?

MS. JOHNSON: I've got his card.

MR. ALCOSER: Rodrigo Alcoser.

MR. BRAY: Thank you.

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MR. PALACIOS: I have a question for the officer. I think that the contention here is the ID, the Consular ID is, again, not so much, as I understand it, to verify legal or illegal status, whatever the immigration status is, but to serve as proof of identification to identify who the person is. And what I've been hearing from even the other officers is that you don't trust it because it's not always -- you can't prove its validity and authenticity, and I'm hearing something else from TAC, Mr. Ames, as they testified. And if the intent is, again, not to prove residency or whatever it may be, the immigration status, but whether or not the person on that identification is the person that's buying the vehicle, that's what I understand the intent of all of this is, the titling and so forth, and for law enforcement purposes as well, to be able to identify who this person is.

I get back to if we have issues with the matricula card, as we do with other IDs, Texas IDs and so forth, why can't you verify that that card if it is, in fact, a bad card? If a tax agency can do it, why can't law enforcement.

MR. BROWNING: That was the next question that I had because I polled every auto theft task force in the State of Texas and none of them have had any success in

verifying a matricula card, ever. I couldn't find a single auto theft detective in the state that had ever had any success in verifying a matricula card by calling the consulate or any other method.

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MS. JOHNSON: I don't know if the card is still up here and I don't know who it belongs to, but we also had the little -- not the business card but the little tool that John gave us, that Mr. Ames gave us to validate the security. Have you seen these?

MR. BROWNING: I have seen those, yes, ma'am. And what my question is, okay, that will say that that has the security features in the card but it will not verify that the person who's named on there and whose picture is on there is the same person. And it's been our experience that your database, can they do that or not do that. If we called you with the number off of a card and said whose card is that, could you give us the name of whose card that is?

MR. ALCOSER: To verify that it is authentic?

MR. BROWNING: Yes. If we called you with a

number off that card and said who is this card issued to,

could you do that?

MR. ALCOSER: Yes.

 $$\operatorname{MR.}$$ BROWNING: Where in the consulate do we need to be calling?

MR. ALCOSER: In that case we would be able to tell you if it's authentic or not because they have personal information that we are not authorized with you to share unless there is a formal request. But we can say to you if that card corresponds to the name of that person.

MR. WALKER: If it says John Doe on it, you can't verify that John Doe is John Doe.

MR. BROWNING: That's our objection to the card is that a Texas driver's license or any of the other forms of ID in this rule, we can actually access a database or call the agency and we can verify every aspect of it, their address, their phone -- not phone -- their name, their date of birth, all of that. We have not been able to do that with the matricula card. Maybe we're missing the boat somehow or somewhere that we could, but I'm still not seeing that.

MR. ELLISTON: If I might make one comment regarding the matricula card, and as Mr. Ames said, I did go to Dallas, I did tour their facility and I did see how they produce their documents, and a document that's issued out of the consulate office, we don't have any way of verifying the supporting documents that made it but we'll just make an assumption that they are correct. The bigger problem with the matricula card in our estimation is that

it is so readily counterfeited and that you can purchase these items, maybe they don't have all the security features on them but you can purchase them at flea markets across Texas. I have two of them here on the desk in front of me that were purchased in Harris County at a flea market by a sister agency of ours at our request. It was very easy to do that.

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And so there's the bigger issue. It's not necessarily that the ones that come out of the consulate office are not good, it's just that there are so many of them floating around out there that have been counterfeited and we do a lot of mail-in, photocopy type of these documents and you can't lay the decoder card over that.

MR. VANDERGRIFF: Did you have a question?

MR. PALACIOS: I do. The question, in my
judgment it's not so much the concern over how easily
these are counterfeited because I think any ID can be
counterfeited, but it gets back to the verification of the
card. And that's the question for me is how do you verify
it.

MR. VANDERGRIFF: Your point in the very beginning when you first testified and the agency testified, you said that fraud exists on all forms of ID, so I want to note for my own personal situation, I don't

want to put any offense upon the Mexican consular card or the fact that they don't have a valid ID that has security features in it. What I've understood the issue to be is that you do not have ready access to a database. The card may be good but you can't get to a database to understand is this person good. That's your issue as much as anything. Whereas, in another state, or a Texas driver's license or another form of U.S. ID, you can get to a database almost on an instantaneous basis, that's what you can do. And that's the chief difference to me.

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I'm not really buying off on that their card is any more fraudulent than anybody else's card, it's just you can't search a database. And you're shaking your head yes, and I'd like the record to reflect that that's true, that what I'm saying is the real crux of that issue.

MR. BROWNING: Exactly, sir. We don't mean to imply that that card is any more abused than any other type of card, but when any type of ID is abused or forged or faked in any way, we need to be able to verify and find out that it's a fake.

MR. VANDERGRIFF: And as Mr. Walker noted, based on the information presented, it was noted that roughly 40 percent of the so-called undocumented or people in this country, they're from some other country.

Obviously, the vast majority in Texas, because of our

close proximity and wide border, are from Mexico, but there are a whole bunch of other people from all over this world here, and the issue really does affect that as well, and either accepting or doing anything with the Matricula Consular card, that's a whole other group of people that's out there.

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MR. BROWNING: And that's why we're saying for the rule that's being looked at today, we're not singling out the matricula card at all.

MR. VANDERGRIFF: What you're doing is not really singling. There's unintended consequences on everything, which we haven't studied necessarily, and that's part of the issue that the opponents of this rule are saying. But having said that, what you're really after is just a centralized database that you can verify who people are and relate it to the vehicles and potentially help collection and law enforcement. That's really where this is driven.

MR. BROWNING: We would have no objection to the matricula card or any other card from any other country as long as we can verify it. That's the whole issue for us.

MR. VANDERGRIFF: That's a really good point to end this on, unless we have, from your perspective, any questions.

1	MR. ELLISTON: Well, I just want to make one
2	more comment, and that's exactly right, and that's where we
3	are as the agency, it's not that we don't want to accept
4	the matricula card, but with the lack of a database to
5	search, it doesn't provide us what we need to be able to
6	verify the identity of the person.
7	MR. INGRAM: I don't have a giant issue with
8	the rule itself, but not on matricula cards, so we can
9	come back and talk about that.
10	MR. VANDERGRIFF: From the board's perspective,
11	I think this does conclude the public testimony. We
12	certainly can still have members of the staff come back up
13	if we need to afterwards.
14	MR. INGRAM: And so I have a new problem.
15	MR. VANDERGRIFF: Is it something you want from
16	the industry that's out here?
17	MR. INGRAM: If there's industry here, I would
18	like to have some feedback.
19	MR. VANDERGRIFF: Do you want to introduce the
20	question?
21	MR. INGRAM: The question I have, and I'm not
22	sure how many have read it in its entirety, but one of the
23	problems is it states that the current ID requirements is
24	that it must be a current driver's license, and so there

was some definitions that were added last night that would

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1	indicate that current would be anything that was less than
2	60 days expired. So my issue is that there is a large
3	segment of the population that have expired driver's
4	licenses, and if this rule as passed, if it passes this
5	way, that segment will not be able to transfer, we will
6	not be able to get that vehicle in their name if they have
7	an expired driver's license more than 60 days past due.
8	I think it's a huge issue. We've gone all over
9	the matricula card and this problem, this makes that
10	problem seem small, this is giant.
11	MR. WALKER: Help me, Blake. It says a valid
12	ID is what it says.
13	MR. INGRAM: It says current, the rule says
14	current.
15	MR. WALKER: Can you show me that?
16	MR. VANDERGRIFF: They're talking about
17	amending that.
18	MS. JOHNSON: To define current.
19	MR. INGRAM: It says, "The applicant presents a
20	current photo identification of the owner." And then they
21	added a definition saying current.
22	MR. WALKER: But it doesn't say driver's
23	license.
24	MR. INGRAM: It says current.
25	MR. WALKER: But it doesn't say anything about

driver's license down here.

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MR. WALKER: But it lists any of those things.

MR. INGRAM: Right. But it has to be a current photo identification, and they added definitions saying current means anything that's less than 60 days expired.

MS. JOHNSON: So why is this okay with the department that it doesn't have to be current? I know that there was some discussion going on, and in the interest of trying to get along.

MR. ELLISTON: Yes. The industry asked that it not necessarily have to be current, so we added the 60 days. You have an ability to cure your problem if you have an expired driver's license, you can go renew it. So if it's expired and you just forgot during that 60 days period you can still take care of your car transaction. If not, you have to go get it made current and then you can do it.

MR. INGRAM: So what you're missing, though, what you're missing from the agency side is real life world where I live, where I work, and you're talking about the matricula card and what percent of business that impacts, and it impacts a serious amount but when you look at the entire dealer body, it's actually probably fairly small. This will impact everyone, everyone in the industry will be impacted by this. In the real world our

customers have tickets, they live from paycheck to paycheck, they are struggling, they try to feed their kids and get to work and just make ends meet. They do not have the money to pay these tickets so their driver's license expires. They can't afford to pay them and feed their kids at the same time. So the number of cars that are sold -- I'm sorry, Johnny, you're going to hate this part -- on licenses that are expired dwarf this other problem. They can still get insurance.

MR. WALKER: So you're saying if you have a ticket, your driver's license expires?

MR. INGRAM: If you have a ticket and you haven't paid it, you can't get your license renewed

MR. WALKER: You can't renew your driver's

MR. INGRAM: Right.

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license.

MR. WALKER: Because if you do, they'll arrest you at the counter.

MR. INGRAM: That's right. So they arrest you at the counter. And while most of them get current driver's licenses, I'll tell you, they can't afford to pay the \$500 or the \$1,000 or whatever the ticket is, plus the warrant fees and all their stuff, they eventually get arrested and they serve time in jail. That's how they get it paid.

So you're talking about easily 20-30 percent of all the business done by independent dealers and they will not be able to get to work, they will not be able to get a car, they will not get to work. You're going to cripple the economy.

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MR. WALKER: Well, I'd present to you, and I don't know your statistics, but I have 200 truck drivers working for me who have a driver's license and they probably get as many tickets or more than the typical person, probably, and we check that and verify that and we don't allow them to drive a truck without a valid driver's license because we sure don't want that exposure out there, and they can afford to get that ticket paid because we do a payroll deduct, they give us an authorization to do a payroll deduct to pay a ticket in order to get their driver's license valid. And I'd sustain that anybody else out there that gets a ticket needs to do the exact same thing, and my truck drivers live the same way as your guys and everybody else, paycheck to paycheck.

MR. INGRAM: Well, let me just say that they honestly have a very good employer because normally in the real world --

MR. WALKER: Out in even the real world.

MR. INGRAM: But not at this level.

MR. WALKER: I don't think so.

MR. INGRAM: Really, no, because in the real world that does not happen like that, they don't have help from their employer to go pay their ticket. The only way they're going to pay that ticket is not pay something else, and that creates all kinds of cascading problems: can they afford their lease, can they afford food, can they afford the utility bills. So it doesn't happen like that. It's a huge problem.

Sorry to kind of drop everybody on this at the last second, but we got so distracted with the matricula card that I didn't want to divert attention.

MS. JOHNSON: But can I address your concern. I'm the voter registrar for Galveston County, and current is 60 days. Okay? And I'm going to give you an example of why that's okay is the 60-year-old grandmother or person who is ill and for whatever reason, whether they're getting cancer therapy, whatever it is that's keeping right now off the roads as well, that should not because they can't get in and renew that driver's license. Voter ID is a big deal. Just because they can't renew their driver's license should not prohibit them from voting, and I venture to say this year it won't be 60 days of expiration of an old voter card, it's going to be up to 150 days because we haven't been able to send out the new cards. So if it's okay for voting, I would venture to say

we're not necessarily opening up a can of worms because 1 it's already there in the election law as being okay. 2 3 What my issue is going to be is when somebody walks into my office with an ID that's expired, I'm going 4 to be telling that law enforcement officer outside my 5 6 office that he needs to stop him on his way out of the parking lot. 7 8 MR. WALKER: Well, Blake, you opened a bigger can of worms than you think because you're going to sell 9 the guy the car with an expired or no valid ID --10 MR. INGRAM: 11 No. MR. WALKER: Let me just finish up -- but we're 12 13 not going to register the car because we now have scofflaws in the state and those scofflaws are going to 14 15 catch it on the registration so that they --16 MR. INGRAM: They don't apply to dealer sales. They can't register it at the tax 17 MR. WALKER: assessor-collector's office because the scofflaws are 18 19 going to grab them. MR. INGRAM: It doesn't apply to dealers. 20 Is that not right, aren't the 21 MR. WALKER: scofflaws going to stop them, Randy? 22 MR. ELLISTON: Dealers are exempt. 2.3 24 MR. WALKER: But they can't register it once 25 they have it, though. Once they have it, they can't

register it. 1 MR. ELLISTON: That's correct. 2 3 MR. VANDERGRIFF: Renew it. Original sales are not covered. 4 MR. WALKER: Original sales are not, but once 5 6 he has the car, if he has these problems he can't register the car with us because of the scofflaws. 7 8 MR. INGRAM: I hope within a year's time he gets his current driver's license. 9 10 MR. WALKER: Do what? MR. INGRAM: And I hope with the year's time he 11 gets his license current. 12 13 MR. PALACIOS: I have a question for Randy. Getting back to your point here --14 15 MR. VANDERGRIFF: And we probably need to get to questions and debate later. 16 MR. PALACIOS: -- the intent of the rule for 17 the identification, current ID, is to identify the person 18 19 that's titling the vehicle. I guess the concern that Mr. Ingram has is that we don't always have current 20 identification. My question is if the identification 21 22 isn't current, it doesn't change who that individual is, so how does it matter so long as you know who that individual 2.3 24 is and he's in your database and you can track them? Isn't

that what the overlying premise of this rule is?

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MR. ELLISTON: Yes, sir. I guess we picked the 60 days really because there were some other precedents in some other areas where that was allowed. Our interest is can we verify it. We have multiple types of ID there, like the Texas driver's license, 60 days, it's going to still be in the database. I mean, we could extend that time period, if we needed to, to something even further out. We don't want to make it unlimited because that could become problematic at some point that the information drops out of a database that we can't get to it.

MR. INGRAM: Is it reasonable then, to take that comment and kind of go forward with it, that when we sell a vehicle they are going to have to give me a registration, they are going to have to pay tax for it in a year's time, so they have a problem if they don't get that license current before that time. Can we extend that to a year?

MR. ELLISTON: If you extend it to a year and they get it that year, the next year, so do we extend it to two? I would say no. I don't think a year's expiration is reasonable when they have an opportunity to cure it. I mean, 60 days, 90 days, something like that, but a year I think is stretching it.

MR. INGRAM: And I have to bring back the topic

1	is the economic impact to the State of Texas, to my
2	business, to all the businesses in Texas, the cascade
3	effect of every business that relies upon my business.
4	It's huge.
5	MR. PALACIOS: Well, what's fair? Mr. Elliston
6	is asking for 60 days, you think a year. What's
7	reasonable?
8	MR. WALKER: Who are you asking that question
9	to?
10	MR. PALACIOS: I guess both Randy and Board
11	Member Ingram.
12	MR. WALKER: He said a year, he proposed 60
13	days.
14	MR. VANDERGRIFF: They've proposed 60 days, the
15	department.
16	MS. JOHNSON: How about 120 days?
17	MR. ELLISTON: We could modify it. It's a
18	board decision, it's the board's will.
19	MR. VANDERGRIFF: What I would prefer to do
20	here, and I apologize for cutting it off, I think this is
21	an appropriate forum for questions to you, we're still in
22	that public forum, and I think that this is part of the
23	discussion among the board, which would certainly be in
24	public, about what would we find acceptable in the rule.
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So I'd prefer to defer the rest of this discussion to

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1	looking at when we we're considering the adoption of the
2	rule or any amendments to it.
3	MR. INGRAM: Since this is a new topic, would
4	the board mind having any industry people that want to
5	speak on this?
6	MS. JOHNSON: DPS is probably the only credible
7	source of information on this at this point in time
8	because we're talking about driver's licenses.
9	MR. INGRAM: Well, there's credible sources in
10	here about the economic impact.
11	MS. JOHNSON: I'm not sure that we've ever
12	actually validated the economic impact is valid.
13	MR. WALKER: I would agree with you on that.
14	MR. VANDERGRIFF: Mr. Bray, were you about to
15	say something?
16	MR. BRAY: No.
17	MR. VANDERGRIFF: Okay. You were clearing your
18	throat.
19	MR. BRAY: I think there's economic impact
20	views that could be expressed on both sides of this. I
21	buy insurance, we have cars, we get hit by an uninsured
22	motorist that doesn't have a driver's license, it affects
23	me. So I don't know who's going to speak for the public.
24	MR. INGRAM: And again, they don't need a
25	current driver's license to get insurance. We require

insurance on every car we sell, regardless of whether they 1 have a driver's license or not. 3 MR. ELLISTON: And a person who can't renew his driver's license isn't going to spend the money on 4 insurance, or he's only going to get it for that few days 5 6 that he needs it for. 7 MR. INGRAM: We track it all the way through. MR. ELLISTON: You track their insurance? 8 MR. INGRAM: Yes. 9 10 MR. WALKER: Can you do that? How do you know if they cancel their insurance or not? 11 MR. INGRAM: I'm the lienholder so I get the 12 13 notification. MR. BRAY: But I think what I heard you say is 14 15 a person can't pay the tickets, so a person gets a ticket 16 for failure to yield and smashing into somebody's car and 17 can't pay the ticket, can't renew his driver's license, comes to you and you put him in another car and he or she 18 19 has yet to account for having smashed into somebody else's car already. 20 MR. INGRAM: That's certainly a possibility. 21 The more likely thing is they got a speeding ticket or 22 they got something more mundane. 2.3 24 MR. BRAY: I'm more concerned about my family 25 and my cars.

1	MR. ELLISTON: We're checking. We believe that
2	DPS will allow that you can use their ID or driver's
3	license up to a six-month period for ID purposes only, an
4	expired one. So that might be a good compromise.
5	MR. INGRAM: This might be a good stopping
6	point.
7	MR. VANDERGRIFF: Yes, I think it is a good
8	stopping point. We are at 1:32 in the afternoon, and what
9	I would propose and I sincerely apologize to the board
10	for thinking that we would not need to accommodate for
11	lunch for the board members but I would defer to the
12	wishes of the board that we recess for approximately 45
13	minutes and reset our clocks, so to speak, and have some
14	meal and then come back in at approximately 2:15.
15	(General discussion regarding lunch.)
16	MR. VANDERGRIFF: I would propose that we
17	either order up pizza that can be made and we can work
18	through. I think a lot of these people would like to go
19	on the road and maybe it's time for action.
20	MR. WALKER: How about just some bologna and
21	bread and mustard?
22	MR. VANDERGRIFF: We'll take a 15-minute break
23	and figure it out.
24	(Whereupon, a brief recess was taken.)
25	MR. VANDERGRIFF: It is approximately three

minutes to two o'clock here on April 12 at the April regularly scheduled board meeting to the Texas Department of Motor Vehicles. We've now come back into session.

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I do want to do a few things that I think would go rather quickly and allow some of our staff to move on to other items. I want to take up our consent agenda, which is number 2, and then the resolutions for individual consideration under number 3, and then for the moment skip past 4.A.3 but deal with 4.A.4, B.1 and B.2 under number 4.

And I'm also going to note for the board that I'm definitely moving to next month's agenda the approval of agency operational boundaries, so we're moving that, and we'll see how the est of our time goes with others. We may move some of these other ones forward to the following month.

With that, Mr. Harbeson, are you ready to take up the consent agenda?

MR. HARBESON: I am, sir. My name is Bill Harbeson. I'm the director of the Enforcement Division.

On today's consent agenda there are 97
enforcement agreed orders, 75 notice of violation orders,
22 motions to dismiss five Lemon Law settlement cases
where dismissals were sought, and two franchise cases were
dismissals were sought. The orders have been presented to

you and we're asking your approval of these matters. 1 2 MR. WALKER: I so move that we accept the 3 recommendation of staff on the consent agenda. MS. JOHNSON: Second. 4 MR. VANDERGRIFF: We have a motion from Mr. 5 6 Walker, a second from Ms. Johnson. Any discussion? 7 (No response.) MR. VANDERGRIFF: All those in favor please 8 raise your right hand. 9 10 (A show of hands.) MR. VANDERGRIFF: The motion carries 11 12 unanimously and the consent agenda has been approved. 13 With that, we're on number 3 in the agenda, which is resolutions for individual consideration and 14 15 we're under the warranty performance 3.A.1. 16 MR. GLADNEY: Good afternoon, Mr. Chairman and 17 Board. For the record, my name is Mark Gladney, Lemon Law Section manager. I have two cases for your consideration 18 19 today. None of the parties are present to tender comment to the board. 20 The first case is Karnauch v. Chrysler. 21 this case the complainant alleged an air conditioning 22 malfunction in a 2008 Dodge Nitro. The hearing was held 2.3 24 before SOAH on January 3 of this year. It became a 204

action as the complainant filed late. The warranty had

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1	expired in June of 2011. Complainant took the vehicle in
2	for air conditioner repair five times between 2008 and
3	2011. No problem was found in the last visit in 2011 for
4	the air conditioning defect.
5	The SOAH ALJ found there was no existing defect
6	at the time of the hearing. The PFD recommended dismissal
7	of the complaint. Staff concurs with the ALJ's finding
8	and asks the board for a motion to approve.
9	MR. WALKER: I so move that we accept the
10	administrative law judge's recommendation.
11	MS. JOHNSON: I will second that motion if it's
12	with the correction that was noted.
13	MR. WALKER: What correction?
14	MS. JOHNSON: There was a correction to a
15	statutory reference.
16	MR. WALKER: Yes.
17	MS. JOHNSON: Then I'll second that motion.
18	MR. VANDERGRIFF: We have a motion from Mr.
19	Walker, a second from Ms. Johnson. Any discussion?
20	(No response.)
21	MR. VANDERGRIFF: Please raise your right hand
22	in support of the motion.
23	MR. WALKER: This is for one or both? Just the
24	first one?
25	MR. VANDERGRIFF: The first one.

1	MR. WALKER: Thank you.
2	(A show of hands.)
3	MR. VANDERGRIFF: The motion passes
4	unanimously.
5	MR. GLADNEY: The second case, McLean v. BMW.
6	The complainant alleged engine problems on a 2010 BMW
7	535i. The hearing convened at SOAH on December 7 of 2011.
8	The complainant didn't timely file his complaint under
9	2301.606(d), therefore, it became a 204 case. The
10	complainant took the vehicle in for engine related repairs
11	five times in 2010 and 2011. The ALJ noted that there
12	were problems but they had been fixed.
13	There was no evidence of existing defect at the
14	time of the hearing. The ALJ recommended dismissal of the
15	complaint. Staff concurs with the ALJ finding and
16	recommends a motion to approve dismissal of this case.
17	The final order does have a correction to the PFD citing a
18	change in the correct reference to our Occupations Code,
19	but with that, staff recommends the approval of the order
20	as presented to the board.
21	MS. JOHNSON: I make that motion.
22	MR. VANDERGRIFF: A motion from Ms. Johnson.
23	Do we have a second?
24	MR. INGRAM: Second.
25	MR. VANDERGRIFF: Second from Mr. Ingram.

Seeing no indication of any discussion, please raise your right hand in support of the motion.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously.

We're now under 3.B.

MR. HARBESON: My name is Bill Harbeson. I'm the director of the Enforcement Division.

This matter before you is a little different from other cases that we've seen, in that it's a dismissal that the staff is recommending after it had gone to SOAH. The facts behind the case are relatively simple. The manufacturer filed an intent to terminate a franchise.

There was a protest by the dealer in question. Subsequent to that, the manufacturer withdrew the intent to terminate the franchise. Thereafter, they filed a motion to dismiss the case from SOAH because there was no longer a matter in controversy, there was no longer on the table possible termination of the franchise. That was opposed by the dealer.

SOAH listened to both sides and continued on with their move to dismiss the case, so the case was dismissed from SOAH because of mootness. The case before you today and the order we've presented to you is to follow what SOAH had done and dismiss the case.

Both parties were notified of the hearing today 1 and we heard from neither of them. I should note that the 2 3 protestant, the dealer in this case, terminated their license in April 2011 and has not renewed. So we're, 4 therefore, asking the board to approve the order of 5 6 dismissal in this matter. 7 MR. INGRAM: So moved. 8 MS. JOHNSON: Second. MR. VANDERGRIFF: We have a motion from Mr. 9 10 Ingram, a second from Ms. Johnson. Seeing no indication of any discussion, please raise your right hand in support 11

(A show of hands.)

of the motion.

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MR. VANDERGRIFF: The motion passes unanimously.

We're now on 3.C.

MR. HARBESON: These are the enforcement motions for disposition after default. First of all, on three of the items, item 3, 11 and 13, we're asking that we be able to withdraw those. In two fo those matters a settlement has been negotiated with the dealer in question, and the third case, item 11, was submitted to you in error, it had previously been handled at an earlier meeting.

So therefore, we're asking for approval of the

orders in 1, 2, 4 through 10, 12 and 14 through 15.

MS. JOHNSON: So moved.

MR. VANDERGRIFF: We have a motion from Ms. Johnson. Do we have a second?

MR. INGRAM: Second.

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MR. VANDERGRIFF: Second from Mr. Ingram.

Seeing no indication of discussion, all those in favor please raise your right hand.

(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously.

We are now moving to -- again, we're skipping and coming back to, passing, I should say, 4.A.3 that we spent a lot of time on this morning and this afternoon, and we're going to 4.A.4 which is regarding the Oversize and Overweight Vehicles and Loads.

MR. HARBESON: Yes, sir. Before the board today for approval is an amendment to Rule 219.121, which deals with the administrative penalties that can be levied in an action against an oversize/overweight violator. The rule was changed to bring it in compliance with a rule that was passed last year which dealt with the motor carrier industry and it limits the amount of penalties that are available in such a case to the staff. The matter was published and we received one comment and that

was from the industry and they were in favor of the rule
as amended. So staff is today asking the board to approve
the rule.

MR. WALKER: I so move that we accept the

proposed rule by the staff.

MR. VANDERGRIFF: Mr. Walker has made a motion. Do we have a second?

MR. PALACIOS: Second.

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MR. VANDERGRIFF: Second from Mr. Palacios.

Seeing no indication of any discussion, please raise your right hand in support of the motion.

(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously. Thank you.

And please continue on 4.B.1.

MR. HARBESON: Item 4.B.1 is the product of the dealer streamlining committee, the committee chaired by Board Member Ingram, where on two days we met with industry and went through the rules that deal with the licensing process and other items, and essentially line by line went through. And what is before you today is the product of that committee, the various changes that were recommended, and staff has prepared rules to be published for comment coming out of that committee, and we're asking permission today to go ahead and publish this set of rule

changes. 1 I'll be glad to answer any questions that you 2 may have about what we did in the committee or the product 3 that you have in front of you which is the end product of 4 that committee. 5 6 MR. INGRAM: I move that we publish the amendments. 7 MR. VANDERGRIFF: We have a motion from Mr. 8 Ingram. Do we have a second? 9 10 MR. WALKER: Second. MR. VANDERGRIFF: Second from Mr. Walker. 11 Seeing no indication of any discussion, please raise your 12 13 right hand in support of the motion. (A show of hands.) 14 15 MR. VANDERGRIFF: The motion passes 16 unanimously. 17 Mr. Elliston, if you'll take 4.B.2. MR. ELLISTON: Yes, sir. For the record, my 18 19 name is Randy Elliston. I'm the director of the Vehicle Titles and Registration Division for the Texas Department 20 of Motor Vehicles. 21 Before you today is our request for approval to 22 post for public comment amendments to Texas Administrative 2.3 24 Code, Title 43, Chapter 217. We have a proposal of repeal

of 217.26 for golf carts, and amendments to 217.2 of the

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definitions, 217.3 motor vehicle certificates of title, 217.1 under definitions, and 217.22 motor vehicle registration, 217.23 temporary registration permits, 217.24 disabled person license plates and identification placards, 217.28 speciality license plate symbols, tabs and other devices, and 217.29 vehicle registration renewal via the internet, and 217.30 commercial vehicle registration, 217.31 vehicle emissions enforcement system, 217.37 equipment and vehicles within road construction projects, and 217.39 water well drilling vehicles, 217.40 marketing of specialty license plates through a private vendor, and 217.41 removal of license plates and registration insignia upon sale of motor vehicle, 217.42 registration of fleet vehicles, and 217.43 exempt and alias vehicle registrations, 217.53 automated vehicle registration and certificate of title system, 217.54 automated equipment, and new 217.26 military and specialty license plates.

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This is a very voluminous posting but it's basically cleanup as a result of House Bill 2357 where Transportation Code Chapters 501, 502, 504 and 520 have been reorganized. It also adds some specialty license plates legislatively mandated for some of the military plates. We request that you approve those proposals.

MR. INGRAM: Could you go through the list of

1	what you're proposing again?
2	MR. ELLISTON: By memory or can I read it?
3	MR. INGRAM: No. That's okay.
4	(General laughter.)
5	MR. VANDERGRIFF: I'd be pleased to entertain a
6	motion.
7	MS. JOHNSON: I'll move to publish.
8	MR. VANDERGRIFF: A motion by Director Johnson
9	Do we have a second?
10	MR. WALKER: I'll second the motion to publish.
11	MR. VANDERGRIFF: A second by Mr. Walker. All
12	those in favor please raise your right hand.
13	(A show of hands.)
14	MR. VANDERGRIFF: All those opposed.
15	(No response.)
16	MR. VANDERGRIFF: The motion carries
17	unanimously.
18	I'm going to continue on a couple because I'm
19	hoping these can move relatively quickly. The next item
20	on the agenda again, we've passed for the moment
21	4.A.3 was a briefing item on 5.A. I've already said
22	I've pulled 5.B because the board has not seen that, had
23	time to discuss it. 5.A, which was the approval of the
24	agency operating plan performance measures, this was

distributed to the board before the last meeting. The

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staff has had several meetings on this as well. I won't 1 speak for our executive director, but I believe the board 2 3 has not indicated any discomfort or change beyond what has already been reflected in these documents, and I believe 4 the staff is comfortable with both the applicability and 5 6 the usability and the simplicity, perhaps -- it's not over burdensome -- of these information requests, so this will 7 8 be coming to us as noted in here on a regular basis, 9 depending on the performance measure looked at. 10 So I would like to submit that for your 11 consideration and hopefully approval to move this along. 12 MR. INGRAM: I move that we approve the agency 13 operation boundaries as presented. MR. VANDERGRIFF: Excuse me. It would be the 14 15 operating plan performance measures 16 MR. INGRAM: Sorry. Yes, the operating plan 17 performance measures. MR. VANDERGRIFF: Okay. Do I have a second? 18 19

MR. VANDERGRIFF: Okay. Do I have a second?

And again, these have been provided to you. We reviewed them at the last board meeting, some changes were suggested and implemented, and then they've been provided to you to review prior to the board meeting.

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MS. JOHNSON: I second the motion.

We have a motion by Mr. Ingram and a second by Ms. Johnson. Do we have any discussion?

(No response.) 1 MR. VANDERGRIFF: All those in favor please 2 3 raise your right hand in support. (A show of hands.) 4 MR. VANDERGRIFF: All those opposed. 5 6 (No response.) MR. VANDERGRIFF: The motion carries 7 8 unanimously. Again, moving right along, I think that 9 potentially, I don't see that Mr. Lawler is in the room --10 he is around, okay. I just wanted to check on this but 11 I'll skip to 5.D on the advisory committees, and I know 12 13 that, obviously, Mr. Ingram is here and Mr. Harbeson was here. I think I let him out a little too soon. 14 15 know if you need him to continue. 16 MR. INGRAM: No, I don't. MR. VANDERGRIFF: We do not. 17 Would you like to note any additional 18 19 information on this? 20 MR. INGRAM: The only additional information I can provide is that there are still some outstanding 21 issues. One in particular is location of documents. 22 Right now currently it must be maintained at the location 2.3 24 of the dealership sale for 13 months. We're still looking

at trying to modify that but we have not yet come to a

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resolution. That's the primary one.

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The second one that's quite huge is everyone on the committee was very favorably inclined toward dealer education but it did not appear to be an item that we could take up but it was very pro.

MR. VANDERGRIFF: Well, do you have a plan at this point in mind to bring this committee back together at some point on a couple of these issues or others?

MR. INGRAM: I do. I contacted all the different committee members, everyone has agreed to stay on the committee which is a great blessing, it was a fantastic committee. We knocked through a lot of work in quick time. We do need to meet together on the document part. We're still waiting for Michelle Lingo to provide data on other government entities, so we have not set a date but we are keeping the committee together.

MR. VANDERGRIFF: Okay. That's great. So you'll come back to us at some point.

MR. INGRAM: Yes, I will.

MR. VANDERGRIFF: I do want to note that everywhere I go that anybody involved in the licensing process give remarkable kudos to this committee and the staff for the excellent effort they've made in the last three or four months to really move the process along, and I would hope that at our next board meeting, Ms. Flores,

1	that we would have a report that would show some of the
2	statistics about the before and after and what's happened.
3	I think it's really a great story.
4	MS. FLORES: I agree.
5	MR. VANDERGRIFF: So my hat's off to you and
6	your staff for working hard on this area.
7	Mr. Harbeson walked into the room. Is there
8	anything further on the advisory committee on the
9	licensing side that you'd like to address?
10	MR. HARBESON: No, sir.
11	(General laughter.)
12	MR. VANDERGRIFF: Okay. I was all prepared.
13	I would like to now take up on the advisory
14	committees the Senate Bill 529 Advisory Committee. Mr.
15	Ingram, you did not notice that Ms. Lingo is in the
16	audience.
17	MR. INGRAM: I think that perhaps that advisory
18	committee has me by error. It's Raymond Palacios.
19	MR. VANDERGRIFF: Actually, that's true.
20	Ms. Lingo, do you have anything we need to be
21	updated on from the board perspective. This should have
22	Raymond Palacios, or Laura really is the person, but
23	Raymond has taken over the lead in this.
24	MS. LINGO: Michelle Lingo, for the record.
25	Really just very quickly, the Senate Bill 529

executive summary was distributed among all the players, the specific advisory committee and the larger work group, and that was inclusive of all of the consensus items and identified those items for which consensus was not had. We will be returning in the future with proposed rules based on the items where consensus was found, and to date we've received no negative feedback regarding that executive summary that was distributed.

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MR. VANDERGRIFF: I will note to you, it's a compliment to you and the staff of the department, that I spoke yesterday with members from the manufacturing and distributor community had a meeting here and visited with them, and while we did not get into the specifics of SB 529, they did note how pleased they were with the process and the fact that the industry was asked for opinions on matters before there were rules and that they felt like that was a great process and were excited about the direction of the agency. So I want to note that for you, Ms. Flores and the staff that that was well received.

MS. LINGO: Thank you.

MR. PALACIOS: Thank you.

MR. VANDERGRIFF: And then the last advisory committee we have, with the appointment and organization of the advisory committee for the tax assessor-collectors which is on the TAC standards. Ms. Johnson.

MS. JOHNSON: I'll give you a quick rundown and I'm going to be honest, I think that Mr. Elliston was probably involved in other things and I was too so we weren't necessarily prepared to give a long report. met three with conference calls. We do hope the board will ratify this. We have the different sections of the state represented and we have small, medium and large counties represented. The discussion has been vigorous when we don't agree, but I think it's been incredible and it's been enlightening to all of us because we're all understanding everybody's perspective. And I think that we started with a laundry list of items, some of them have been removed and the agency is preparing rules to take before the committee on some of the other items.

Is that fairly representative?

MR. ELLISTON: Yes. It's been going very well. The dialogue has been very interesting on the different subjects. The emails after the fact have even been better sometimes.

MS. JOHNSON: You're not copying me on that.

(General laughter.)

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MR. ELLISTON: They were from you.

But it's been going very well. Like Cheryl said, we've got a laundry list of things, we've been going through them, we've gotten consensus on a number of them,

but what we do need to do today is to ratify the committee 1 members, and the committee members are: Cheryl Johnson 2 3 from Galveston County, Becky Watson from Cass County, Cathy Talcott from Comal County, John Ames from Dallas 4 County, Tina Morton from Travis County, Chris Quisenberry 5 6 from Wilbarger County, and Member Palacios is also on that. So we'd like for the board to approve those members 7 8 and ratify this board so we can continue to move forward. 9 MR. VANDERGRIFF: I'd be pleased to entertain a motion to that effect. 10 MR. WALKER: This is an advisory committee that 11 12 we're forming? 13 MR. VANDERGRIFF: Yes. To look at the purpose

MR. VANDERGRIFF: Yes. To look at the purpose of the TAC standards and make recommendations to this board, so it would be things that the industry, in effect, would be agreeing on. I'm looking to this side of the table for perhaps a motion and a second.

MR. WALKER: I would make the motion.

MR. VANDERGRIFF: A motion by Mr. Walker.

MR. INGRAM: Second.

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MR. VANDERGRIFF: Second by Mr. Ingram regarding the appointment and organization of the advisory committee for tax assessor-collector standards. Seeing no discussion, please raise your right hand in support of the motion.

1	(A show of hands.)
2	MR. VANDERGRIFF: The motion carries
3	unanimously.
4	At this point I'd like to move to Mr. Lawler, I
5	know he's here, but do you expect a lengthy period of time
6	to present this?
7	MR. LAWLER: I hope not.
8	MR. VANDERGRIFF: Please come on up.
9	MR. INGRAM: We do too.
10	MR. VANDERGRIFF: I'm trying to make sure that
11	we can move our staff to productive pursuits in other
12	areas for the agency today.
13	MR. WALKER: By the way, I've modified my final
14	report on my committee.
15	MR. VANDERGRIFF: Coming up.
16	MR. WALKER: I've modified it, cut it way back.
17	MR. VANDERGRIFF: All right. You're up next.
18	MR. LAWLER: Good afternoon. For the record,
19	my name is Bill Lawler. I'm the director of Auditing for
20	the Department of Motor Vehicles.
21	What I've placed before you today for your
22	consideration is our proposed audit plan for the remainder
23	of fiscal year '12. This plan was developed based upon
24	our best guess for the risks that face the agency at this
25	point and try to assign our audit resources as best as we

could to face those risks that we deemed highest, aligning with what the available hours were for the rest of the year. During the course of executing this plan, we have proposed that we would also gain additional knowledge to help us develop future plans, and we would probably be coming back at the August or the board meeting around that time to bring you a plan for '13.

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MR. PALACIOS: Mr. Chair, I'd like to add that yesterday the Finance and Audit Committee meeting, which consists of myself, Board Member Walker and Board Member Ingram, met with Mr. Lawler and he gave us an extensive overview of his audit plan, and essentially, there's six items that he will focus on for the remainder of the fiscal year: the TAC equipment refresh, the automation project which is a non-audit item, Motor Carrier Division, TxPROS permitting system, VTR web agent system, and two other non-audit items, the ABTPA single audit division, and the internal audit plan is what they will be focusing on for the remainder of fiscal year going up to September. And we'd recommend that we move forward with his plan.

MR. VANDERGRIFF: Okay. Are you making a motion from the committee recommending approval?

MR. PALACIOS: Yes.

MR. INGRAM: Second.

MR. VANDERGRIFF: We have a second from Mr.

Ingram. Do we have any discussion?

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MS. JOHNSON: I just have one comment.

MR. LAWLER: Yes, ma'am.

MS. JOHNSON: I'd like to tell you that our best resource in the tax office and our most feared person in the tax office is the auditor. We do not allow their access code to get in without us knowing about it. But I want to say it's a tough job but we learn most from them, so I hope that whenever those audits are conducted that the agency receives that in the way we've established goals with our auditor to learn and to do it better.

And with that said, you have no friends in this agency but us and you're not part of the team except with us, and so I'm sure that that's been clear, I just need to say it.

MS. FLORES: If I may, from the staff perspective, I also wear two hats, the chief financial officer as well as the interim executive director, and I believe from staff's perspective we always, while no, we are not necessarily friends, however, we do look to our internal auditor to help us get better, and from the staff's perspective, I look at the internal auditor as another resource for our agency to get better, whether it's in operations or it's such mundane things as cash handling, there's always opportunities.

1	MR. LAWLER: I can't follow that up very well,
2	so I have no further comments.
3	MR. VANDERGRIFF: We do have a motion and a
4	second. Did you have a question?
5	MR. WALKER: No, no. I said thank you for his
6	time.
7	MR. VANDERGRIFF: We have a motion and a
8	second. Please raise your right hand in support of the
9	motion.
10	(A show of hands.)
11	MR. VANDERGRIFF: Thank you very much. The
12	audit plan is approved. Look forward to continuing to
13	work with you.
14	We are now back up to 4.C, which is the board
15	committee updates which is the Projects and Operations
16	Committee.
17	MR. INGRAM: Back to where?
18	MR. VANDERGRIFF: I said 4 and I apologize.
19	It's 5.C.
20	MR. INGRAM: Okay.
21	MR. WALKER: Real quick. I had a longer
22	report, but I'm going to make this real quick. Buildings
23	and going forth on that, we're working on it very hard.
24	We have submitted a request to the Texas Building (sic)
25	Commission, they are who we have to go through. We have

five different options, I'm not going to give you all 1 those options today because it's too detailed. We would 2 3 expect back within the next 90 days, or 30 days, isn't it, Dawn? 4 5 MS. HEIKKILA: Ninety. 6 MR. WALKER: Ninety days we should get back a report from them as to what our options might be and the 7 8 things that we need to do in order to get our own house.

And one of those options that we discussed would be that it would not be under our father's roof.

MR. VANDERGRIFF: Which is TxDOT.

MR. WALKER: Which is TxDOT. Which will make you very happy, Mr. Vandergriff, I know that.

MS. FLORES: Also, if I may interject, it also hinges on getting appropriations to support that.

MR. WALKER: Yes.

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MR. VANDERGRIFF: And concurrent with that, there is still ongoing discussion with TxDOT about separate facilities within the complex we have.

MR. WALKER: That's one of the five options, The options are go out here and buy a place, go out here and lease a place short-term, go out and lease a place long-term, go out and build our own facility, or do a consolidation of facilities from TxDOT over to our side and they take some of the reshuffling.

1	MS. HEIKKILA: For the record, my name is Dawn
2	Heikkila. I'm the chief operating officer for the Texas
3	Department of Motor Vehicles, and support the Projects and
4	Operations Committee as well.
5	The Facilities Commission will do their space
6	planning analysis and provide us back with viable options
7	for the board and the executive team to consider. The
8	analysis began on March 6, we think it will take about 60
9	to 90 days.
10	MR. WALKER: Would you proceed and give us the
11	technological updates for all of our tech projects?
12	MS. HEIKKILA: I will.
13	MR. VANDERGRIFF: Can I ask one quick question?
14	MS. HEIKKILA: Certainly.
15	MR. VANDERGRIFF: Most of the board was at Mr.
16	Walker's committee meeting last Friday, but those that
17	were not there, have they received yet copies of the
18	reports that were done at the committee meeting?
19	MS. HEIKKILA: They should be in your binder.
20	MR. VANDERGRIFF: I just wanted to confirm.
21	MR. WALKER: The facility report is in our
22	binders today, and I think the tech report is in there
23	too, is it not?
24	MS. HEIKKILA: It is.
25	MR. INGRAM: The tech report was part of the

email?

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MR. WALKER: No. It's in your binder.

MR. INGRAM: Okay. I haven't looked that deep in the binder, but the email didn't have that.

MR. WALKER: No. It's right here.

MR. VANDERGRIFF: Go ahead, please.

MS. HEIKKILA: The automation project as a whole is clicking right along. We have under the change management process, formerly the KEES aspect of the project, work continues on a spring release that will contain additional legislatively required changes to the database.

The team is also focusing on completing or did complete artifacts necessary to support the procurement and create a procurement library. That was part of the ILAP program, we split that project into two phases.

Phase 1 was to address the items necessary to support the procurement that we're about to go out on the street with, and the ILAP team is now focusing on completing Phase 2, and I believe that will be done in short order, which will help develop the tool for the separation strategy from TxDOT.

The Gartner team continues to work on the procurement. Our first RFP is in final review, it will be submitted to the Comptroller's Office. The contract

advisory team review and delegation, that's the CAT RAD review, there's a 20-day turnaround time for that. The only other piece that we were waiting on to get this thing out the door to the vendor community was the QAT approval from the Department of Information Resources. That was received on March 29. So as soon as we hear back from the CAT RAD review, we'll be able to publish our very first RFP associated with this project to the vendor community, at which time they will have 90 days to draft and submit a proposal.

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Under future state architecture, the direction that the agency has chosen to develop our automation, guiding principles and capabilities have been defined and are included in the RFP. We are currently looking at the remaining 19 improvement initiatives and developing a road map for implementing those. That includes our separation strategy from our legacy agency as well. We're hoping to have a road map in somewhat of a final form by or before May 1, so at the May board meeting we should have a better timeline for how we're going to attack the remaining improvement initiatives.

MR. VANDERGRIFF: Can I ask a question on this?

MS. HEIKKILA: You certainly can.

MR. VANDERGRIFF: That would not include in there a financial impact or benefit analysis yet, that

would still be something that would be in process?

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MS. HEIKKILA: That's true. That's part of the continued ongoing alternatives analysis and sourcing strategy that Gartner is also assisting us with. That's how are we going to take what we determine to be the order of operation for those remaining initiatives, how are we going to take that to market.

MR. VANDERGRIFF: And we're going to justify each one and we're going to timeline each one out so that hopefully by the time we get to the legislative session, in advance of that session we will have a timeline and an estimated budget and an estimated positive, or if it's negative, we won't be doing it.

MS. HEIKKILA: Right, the financial impact. We're hoping to have that by the end of July. We need some of that data to help inform our request for appropriations as well, so it's important that we stay on that.

As I indicated, the very first RFP to address the core system, the refactoring of the registration and titling system, we're hoping to have that published to the vendor community either the end of this month or the very first week in May. That publication date will be contingent on receiving the CAT RAD review approval. The staff has full intentions of sending the proposal to CAT

RAD tomorrow, so 20 days will put us right at the end of the month, first of May.

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We are currently working on the web dealer design proposal which is the dealer piece of our web sub, the web-based interface for RTS, so we're in the design phases of that, putting the proposal together, trying to scale resources and put a cost estimate that we can take the proposal forward to the governance team to get the project approved and recognized as a project under this budget and then begin working on actual requirements.

The county equipment replacement project is clicking right along. It is scheduled to conclude the end of this month and it is well within the established budget, so we're very pleased about that. As of yesterday we had completed or installed 438 of the 498 sites, that's about an 88 percent completion rate, and that represents 281 work stations deployed -- I'm sorry -- 2,081 work stations out of 2,637. There are 556 work stations to be deployed. That represents roughly 79 percent completion in terms of actual work stations. We will be attacking some very large sites in the upcoming weeks; the Dallas main office is one and I believe it's scheduled for April 20. The deployments thus far have been completed with minimal issues.

MR. WALKER: Have we finished Harris County?

MS. HEIKKILA: I don't believe we have finished Harris County. Tomorrow we finish Harris County.

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MR. WALKER: And you said it's going to come in on target. It's my assumption that we're going to come in a little bit under budget.

MS. HEIKKILA: That's correct. I think initially we had budgeted \$11 million and we're going to come in under that.

MR. VANDERGRIFF: If I remember correctly, the reports that we have which give the agency and the board, and the public, for that matter, tracking how we're doing, that we're going to make sure that that's a cumulative effect, at least at some levels so that they can see what was done in previous budgetary cycles.

MS. HEIKKILA: That's correct. For the

Projects and Operations Committee, we, for the very first

time, submitted capital budget expenditure reports by

quarter for the fiscal year '12. The majority of the

expenditures for the county equipment project were

recorded against '11 because of the way the equipment was

purchased. So we had discussion during the Projects and

Operations Committee to fold the '11 expenditures into the

project but not necessarily the fiscal year '12 budget, so

you'll have an idea of what the overall cost of the

project is but you'll be able to delineate between fiscal

years.

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MR. VANDERGRIFF: And that will also be needed for our budget request. We want the legislature and this board to be able to see what we think the overall cost of this project is going to be by segments, but it may be broken up into different legislative cycles and the individual number won't be as big in a cycle as it will —in a biennium, anyway, as it will be going on the overall.

Any further questions?

(No response.)

MS. HEIKKILA: I do have one other item that's kind of out of order, if you'll permit me.

MR. VANDERGRIFF: Please.

MS. HEIKKILA: I have a staff member that has been here since the very beginning of our meeting. I'd like to introduce our new Civil Rights officer. He started March 19. I'd like to introduce Vance Simpson, he is our new Civil Rights officer. He was a long time coming and well worth the wait. He has a bachelor's degree in business administration and he's attended several governor's executive development training sessions. He's also a certified mediator, and has over 35 years of experience in state government, as well as in employment in civil rights related and human resource management.

MR. VANDERGRIFF: Welcome.

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And at this point I believe we do have a

Finance and Audit Committee. We've had a partial report

in terms of the audit plan, but I would be pleased to turn

it over to you, Ms. Flores.

MR. PALACIOS: I'll give a summary and if you'd like to elaborate, Ms. Flores.

MS. FLORES: Sure.

MR. PALACIOS: We did meet yesterday. The two main items on the agenda, we just went over one with Mr. Lawler regarding the audit issues that are coming up.

The other main item that we discussed was the 2013 annual operating budget. Staff did prepare a budget and we went over both the 2012 revised budget and their 2013 budget. Had a lengthy discussion regarding the process used to come up with the expenditures and the revenue estimates. Just a brief update, and again, I'll let Ms. Flores elaborate, but they've revised the 2012 budget to roughly \$173 million. So far, \$116- of that has been expended to date. 2013 they've come with roughly \$176 million in expenditures for the fiscal year.

Revenues, good news there, are projected to be up, mostly dealing with changes in two laws regarding registration. We're looking at about \$100 million increase in revenues for fiscal year '13, and I'll let Ms.

Flores elaborate a little more if you have any questions on the particulars behind those increases.

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MS. FLORES: For your information, everything that was presented yesterday is still a projection for end of year expenditures FY 2012, as well as what our appropriation starting point is for FY 2013. We did provide an overview on what we also estimate to bring in with regards to our revenues in Fund 6 and Fund 1.

We are seeing some substantial increase in our deposits for Fund 6, and they're primarily associated with two changes in statutes. One had to do with the removal of registration insignia on the sale of a motor vehicle and then we also had fee simplification in registration. Those two bills had a positive impact to our revenue.

Instead of lapsing registration when you sell a vehicle, when you sell a vehicle, instead of getting partial credit for the remaining months on that registration sticker, we're scraping the sticker and the individual is having to pay for a full year. So we're seeing the impact of that.

We're also seeing an impact on our fee simplification.

Some fees went up, some fees went down, and instead of being neutral, we are seeing changes associated with that.

MR. WALKER: But that had a zero fiscal uptick. Right?

MS. FLORES: Initially we thought it would, but

because we are seeing increase in revenue, we believe it's associated with that. So fee registrations were an average of \$40, we went to \$50. My charts were the other way, we are seeing an increase.

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MR. WALKER: But wouldn't we have a way of tracking that? I mean, we know how many vehicles we register at the old rate versus the new rate.

MS. FLORES: With some of the challenges that we have in our current mainframe system, it's very difficult to extract information at the transaction level, so we're having to request programming changes for that.

So I can't tell you specifically by transaction, but I can tell you based on the information that we are able to query out of that, registration and titling is up. And that's one of the challenges we have as revenue estimators that we can't see it at the transaction level.

But what we provided to the committee yesterday is an overview. We are going to be participating in several detailed activities between now and August that we wanted to provide the committee what the next steps are with regards to our annual operating budget as well as the appropriations process that we are beginning to engage in.

And that concludes my overview.

MR. VANDERGRIFF: Thank you very much. Any questions of Ms. Flores?

(No response.)

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MR. VANDERGRIFF: Seeing none, the only thing that I will note -- well, I'm sorry, we do have one more that we could. Jeremiah, do you have a legislative update? And I'm assuming you can be as efficient as everyone else has been.

MR. KUNTZ: I can. Jeremiah Kuntz, director of Government and Strategic Communications.

I'm presenting a legislative report on just the activities that we've had to date since our last legislative session, as well as what we're tracking during the interim as far as interim charges, and then finally, I'll give you somewhat of an update of how we're going to progress going into the next legislative session.

So from last legislative session we had 41 bills that we needed to implement provisions from. We are about 83 percent complete with that. There are about seven bills that are still left pending. They have varying issues that still need to be addressed. Most of them are being addressed in the rules that you're seeing either today or during the May board meeting that will clear the deck on almost all of the bills that we have left. A couple of the bills that I'll mention later, we have interim studies with DPS, the due dates on those aren't due until September 1 and December 1 of this year,

so the activities associated with that won't be completed until later this year but we have time to get those completed.

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The interim charges, I've included a list of all of the interim charges that we will be following. You can peruse through those, I'm not going to go through them in any kind of detail. We are starting to see an up-tick in interim committees meeting. They have not been meeting for quite some time, as you can see from the brief at the very beginning of this. The interim charges were issued by the Speaker in October as well as in March, by the Lieutenant Governor in October and January and February, so we didn't get the final list of interim charges until February and March of this year.

They are gearing up, as we're seeing right now. A lot of times the interim committees will wait until after the primaries to really start gearing up for next session. There's been some delays in the primaries so we've seen some delays in the interim committees gearing up, but we'll continue to monitor those. There actually was a meeting today, Senate Transportation was meeting on Homeland Security issues, as well as driver's license issues today. We have staff monitoring that hearing today. As those occur we'll give you updates as to what the committees are taking up.

The final part of my presentation is going into the next legislative session. The very last page, if you'll see, is a Gantt Chart that lists out the activities that we'll be doing going into the next legislative session. My division is creating a process manual.

Because we're a new agency, we did not have a process and procedures manual for handling the legislative session. I came in late to the department, the session had already started, so we're going to develop that policy and procedure manual, do training for the department on how to do bill analysis, how to do fiscal notes, all of those kinds of things, to make sure that everybody that's involved in the legislative process is fully trained and prepared.

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In statute the board has the ability to make recommendations to the legislature --

MR. VANDERGRIFF: It's actually the chair.

MR. KUNTZ: Yes. Actually in Transportation Code, Section 1001.025, it actually requires the board to consider ways to improve the agency's operation and allows the board to report to the legislature potential statutory changes on those improvements.

MR. VANDERGRIFF: In that regard, in this legislative agenda, one thing I think that worked very well going into the last session is that Director Johnson

chaired a committee that got a lot of input from stakeholders, which I see that here, but then had discussions of major issues there in front of the full board, and I thought that was good, so I'd like to suggest that.

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MR. KUNTZ: Absolutely. We will work with a board working group, if you'd like.

MR. VANDERGRIFF: We can figure that out going forward, but I want to make sure that the board is in the loop.

MR. KUNTZ: Is engaged. Absolutely.

Leading up to the session, as I mentioned, there are two statutorily mandated studies that came out of the last session. Both were joint studies between the department and DPS. One was on information sharing, the other was on an idea to go to a single sticker, a single inspection and registration sticker.

We're in the process of working with them on developing those reports and have met with them twice now and we'll continue to meet with them. We'll give you updates as we have more detail to give you. At this time we're just in the planning stages, if you will, of getting our report done.

Coming out of the last legislative session there were three issues that we already know that we need

to really be working on. One was SB 1035 was vetoed by the governor. It had to do with title service companies, the regulation of those companies.

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In the governor's veto proclamation it says that he appreciates the goal of the bill and is requesting that the Department of Motor Vehicles work with the motor vehicle title service industry and county governments to find reasonable solutions that do not add layers of government but protect Texans against individuals operating with the intent to defraud customers of the State of Texas.

Because of that language in the veto proclamation, the General Counsel's Office has been coordinating with the county tax assessor-collectors, with people that are out in the industry to try and create a working group. We'll begin meeting on that working group and try and develop some recommendations on a piece of legislation or make recommendations to the committee on how they could draft legislation to handle that issue. So that is in process right now.

The other two issues, one, the salvage dealer regulation working group, during the last legislative session, in working with the salvage industry, the salvage parts industry as well as the salvage dealerships, we recognized that there were some issues with their

Occupations Code and the Transportation Code not necessarily fitting together and aligning.

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We committed to them during the last session that we would reach out to them and their industry and try and come up with some recommendations on how to recodify, restructure those statutes to make them work better, so we'll be reaching out to them.

The last one is a scofflaw issue. The toll road entities last session raised an issue of wanting a scofflaw block for individuals that had outstanding toll violations. There is an interim study that is being done by one of the committees.

We also committed to the toll road industry that we would reach out to them, as well as to the county tax assessor-collectors that would be the parties most interested in that, create a working group to try and work out some of the details of how something could be put together, if it's possible, if it's feasible, all of those things.

MR. VANDERGRIFF: Please.

MS. JOHNSON: It came up in standards on whether we should be discussing scofflaw because some counties -- and Comal County is one that I'll mention because I've talked to that tax collector in the past -- we scofflaw our unpaid warrants and she honors my

scofflaw, and we discussed in standards whether this is something that we should discuss, whether all of us should at lest honor or consider or have some means, and the majority opinion seems to be that we shouldn't be involved, but if this is a legislative issue, it might be something that we need to bring back to that committee.

MR. VANDERGRIFF: This will be on the legislature, it will be a key part of their agenda.

MR. KUNTZ: Correct.

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MS. JOHNSON: So we probably should go back to the discussion in connection with standards, or not, or yes? Would that be helpful or not?

MR. ELLISTON: If I can make one comment. We discussed that and since it was going to be, we felt, high on the list on legislative that we let the legislature deal with that piece of it.

MS. JOHNSON: But TACs are going to be adversely affected by that and we might need to be involved.

MR. VANDERGRIFF: I would beg to differ, and I'd probably concur with your thought process, I think that it's better to be ahead of the curve than wait for the curve to come catch you. The best people that are between the department and the TACs, they're the best people to probably think of how this could work or not.

MR. KUNTZ: What ended up happening during the last legislative session was there was not a stand-alone bill, there was an amendment that was offered in the House, 22357. It did not make it on, the Senate did not put it on and it did not make it out of the conference

committee.

What we are anticipating is getting the TACs and the toll road entities together so that we could bring all interested parties together, have a discussion about how it could work, what impediments we may have, what concerns TACs may have, what concerns the toll road industry entities have so that we could try and come up with a happy medium.

Last session it was difficult because it was somewhat at the last part of session, there wasn't ever a committee hearing to take it up and really take testimony on it, so we figured we could reach out to the toll road entities, as well as the TACs, to try and bring everybody together and come up with a solution on it so that we could really flesh everything out.

MR. WALKER: Just how widespread is this scofflaw going to go? Once you open the door to it, is it not like everybody and their dog is going to want us to be their collection agency for them?

MS. JOHNSON: It's the TACs that are the

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collection agency and it's not an issue.

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MR. VANDERGRIFF: We're not the collection agency, but here's the problem, both at TxDOT level, at all the toll authority levels, at all the county levels, there's a continually growing problem with collecting revenue due to the use of your facilities or roads, and then there is an ever increasing, escalating fine that getting anybody to pay is actually driving them the other direction. So therefore, this is a huge receivable problem that's building at multiple levels of government here.

I just believe that's going to be addressed in this next session in some form or fashion, so it's better for the ones that are going to have to live with how it's done, which is this agency and the TACs, to be on top of that, and if there's no solution we can do.

For example, my understanding -- and I'm not trying to speak for the department per se; the experts can. I'm looking at Dawn and Randy -- right now, even if we wanted to have a statewide registration block, we do not have the bandwidth because of the data field capability that we have to actually enter a statewide registration block. We do not have that. That's correct?

MR. ELLISTON: That's correct.

MS. JOHNSON: And I do believe it's going to be

imperative at some point in time, especially if the toll roads get involved, like right now the counties can or cannot cooperate with one another, and quite honestly, for us as a coastal community with a lot of tourist people coming through, we have \$20 million of unpaid fines and fees in our justice department alone in justice administration, and it's mostly people from out of county and we have no hope of collecting that money without assistance from other counties. And this is money that affects your property taxes and every other source of revenue for the state, so state revenues are going to have to support these agencies if we don't figure out a way to get people to pay up.

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MR. VANDERGRIFF: I will also tell you that various DMVs across the country, AMVA, what they call IBTTA, which is International Bridge, Tunnel and Turnpike Association, there's all sorts of associations engaged in several issues which one is the creation of a national database, which we kind have started talking about here from our perspective of three hours earlier, but the other is the registration block, and they're proposing model legislation that has been introduced in three states already and it will be expanded to other states. So we're going to have to be on top of those issues or it will be on top of us.

MR. KUNTZ: And we are proposing to bring those 1 2 parties together to work out those exact issues that 3 you're trying to raise. At this point in time I think we need all parties to get into the room to discuss the issue 4 so that we have all the opinions and views of all the 5 6 entities that are affected. 7 At this point I don't believe that there's been 8 a coordinated effort by the county tax assessor-collectors and the toll road entities to come together and talk about 9

a coordinated effort by the county tax assessor-collectors and the toll road entities to come together and talk about this and really flesh out all of the problems. We're trying to facilitate that discussion so that we can answer those kinds of questions.

MR. VANDERGRIFF: The sad thing that I think could happen is that outside forces will push something on us without thinking about how is it going to be done, and that's where I'm hopeful that the department will be proactive in reaching out to just make sure people know what are capabilities and limitations are.

MR. KUNTZ: Absolutely.

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MR. VANDERGRIFF: Particularly the legislature.

MR. INGRAM: As well as the impact to the different industries.

MR. VANDERGRIFF: That's exactly right.

MR. WALKER: Remember you're taking food out of people's mouths.

1	MS. JOHNSON: Well, Mr. Walker, to let you
2	know, we don't hard stop in Galveston County; we give them
3	an opportunity to get a settle-up contract with the people
4	they owe the money to and they come back and we register
5	them. We will eventually hard-stop the registration, but
6	we don't want to take people's mobility away because they
7	can't work to pay.
8	MR. KUNTZ: That concludes my presentation.
9	MR. VANDERGRIFF: Thank you very much.
10	At this point I really do not have excuse
11	me our executive director; I think you've covered the
12	reports you needed to here. Do you have anything further?
13	MS. FLORES: The only other thing we have is
14	the regular financial summary.
15	MR. VANDERGRIFF: Does the board wish to have a
16	review of that, a review of the financial summary that we
17	have?
18	MR. INGRAM: Three of us were on the committee.
19	MR. WALKER: We've really already had it,
20	except for Cheryl.
21	MR. VANDERGRIFF: And I am satisfied with the
22	astute wisdom of the three members of that committee.
23	MS. JOHNSON: I am too.
24	MR. VANDERGRIFF: The only item that I want to
25	make sure to get to in the laundry list of things that I

can talk about on this is just to make you aware that the executive search is still ongoing. I believe we will have semifinal, so to speak, interviews over the course of the latter part of this month, but we're still on track for the full board's involvement before our May board meeting, so that's still on track. Certainly that's about all I want to say in a public setting on this.

MR. WALKER: I was wondering why we would not talk about that in executive session.

MR. VANDERGRIFF: Well, I think it's good for the public to know that we're on track in the process and when we expect to move forward, and we're still on track for that.

And other than that, I do not have anything further, so with that, we have covered all items on the agenda except -- have I missed one? I was coming back to it, that was the except. I have not forgotten the so-called elephant in the room with our meeting here today.

I would ask the board if anyone is in need of any type of break for a few minutes. We do have sandwiches here.

MR. WALKER: We do?

MR. VANDERGRIFF: Yes.

MR. WALKER: Where?

MR. VANDERGRIFF: Well, they have not been

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presented to you yet.

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MR. WALKER: I'm starving.

MR. VANDERGRIFF: Okay. Why don't we take -- and I apologize to the audience -- why don't we make sure and take a 15-minute break and we will be back here at approximately ten after 3:00, and we have the last item left on our agenda.

(Whereupon, a brief recess was taken.)

MR. VANDERGRIFF: It's 3:15 in the afternoon on April 12, and we are reconvening the April meeting of Texas Department of Motor Vehicles Board.

We are back on our agenda, and we have one item left to deal with, and that's item 4.A.3, which is 217, Vehicle Titles and Registration.

Before we go back to the specific topic we were talking about, I do want to ask and maybe give some suggestions to the board about how to proceed.

I do want to make sure and ask one thing of Mr. Elliston, and that is I know we're talking about and spent a lot of time about the initial registration and titling of a vehicle regarding ID. Does this rule contain other things that are important to get through and pass — they're all important, I don't mean that, but if this one item is what the board is going to focus on, I just want to be clear, are there other things in this particular

rule that we need to move forward if there's some problem with that one particular item? I'm not suggesting there is yet, I just want to make sure the board understands.

MR. ELLISTON: Well, there is one other issue

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and it has to do with the certified copies of titles.

This rule actually speaks to the ID for those also, so that is very important for us to have in place.

MR. VANDERGRIFF: And we should have asked this question, but I have not seen any indication that anyone has an issue with the certified copy of title with an ID being required.

MR. ELLISTON: That's correct, however, we kind of get into a catch-22 position when we sell a vehicle to someone who does not have proper ID and then at some point they come to us and need a certified copy, then they can't get it and can't move their vehicle because we won't allow them to have it because of the ID requirement.

MR. VANDERGRIFF: I understand.

MR. INGRAM: I'm a little confused. I thought there was an enormous amount of things, or lots and lots of things in this rule besides just the ID issue.

MS. JOHNSON: Disaster.

MR. ELLISTON: There was a section on disaster where if a county tax assessor-collector, if they have a disaster and they can't function, they can go to another

county.

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MR. INGRAM: Were we able to find out about the six months?

MS. BLACKWELL: I was not able to positively confirm that, no, sir.

MR. ELLISTON: I did find out a couple of things. Let me pass on a couple of things I did find out. The NATO driver's license, DPS will issue a Texas driver's license, a temporary Texas driver's license for those folks. I don't know if that cures the problem in your mind, but they can get a Texas driver's license if they have that NATO military ID. They give it to them for a one-year period of time which I'm sure they can renew if they are here longer than that. So that's one of the things I did find out for you.

MS. JOHNSON: So it would not be necessary for us to address either the NATO or Status of Forces

Agreement document?

MR. ELLISTON: Well, they do have an ability to go get a Texas driver's license, so that's just a decision the board will have to make. It would be my recommendation, if they have an ability to get that document, then we would just leave it as it is.

MR. BRAY: But the point that Mr. Harbeson was making was not all of the armed forces from other

countries that are over here are members of NATO.

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MR. ELLISTON: And I apologize. I said that as NATO but I believe that what I saw on the document was foreign military ID, so if they're here training they can use any of those to get a temporary Texas driver's license.

MR. WALKER: So there would not need to be an exception because there's a means to procure.

 $$\operatorname{MR}.$$ ELLISTON: That would be my take on that, yes, sir.

MR. VANDERGRIFF: I did want to pass out one thing to the board. Mark Gladney found this and offered it to me and so we made some copies, and we had a lot of conversation about Virginia and this is in Virginia what is acceptable forms of documents for individually titling vehicles there. Obviously, if you have a Virginia driver's license, learner's permit, ID card or title, you're not required to do anything further. Anyone else -- and I assume that includes the bulk of the categories we've been talking about -- must show proof of address and then they go through a laundry list of proof It doesn't address anything with respect to of address. any foreign jurisdiction ID, whether it's another country or another state, it just says basically you don't have to be a Virginia resident to buy a vehicle but you've either

got to have Virginia ID or proof of address. So that's 1 what they go through here, so I thought I would make sure 2 3 and note for this board and give this to the board. MR. WALKER: But Virginia does have a NHTSA 4 approval. 5 6 MR. VANDERGRIFF: An ID number. MR. WALKER: PIN number, I though. 7 8 MR. VANDERGRIFF: It is. And that state is different in the sense that also -- and I noted this 9 during the public testimony portion of the meeting -- that 10 driver's license is connected already to registration 11 process there, so they have the capability of sorting data 12

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MR. ELLISTON: To go back to your previous question, there is one more item in here that's important for us in that the ID requirement for DPPA, Driver Privacy Protection Act information is also in this rule, so if it were not to pass today, then we'd need to re-post that so we could make sure we got that and the CCOs covered.

that we don't have without changing anything up, so the

PIN number is an additional layer.

MR. VANDERGRIFF: Okay. I just wanted to be sure that wasn't lost on the board. I have no idea what the actions will be.

What I'd like to suggest to the board at this point, and we're certainly free to continue the

discussion, but it might be appropriate to have an indication by having some motion on the floor for us to discuss, and I would think, based on what we've heard today, the motions could be along the lines of either to approve the rule as posted and published, as has been requested by the department, to obviously deny it. We've already indicated that's no easy and that there are other options out there, so there may be things we need to approve even if this one issue that we've been discussing is not acceptable to everyone. We could have an effort to amend it and we could have effort to, obviously, accept it, but work on the implementation. The department has asked for an August 1 implementation date. We could delay implementation further. So I'll just move that to the pleasure of the board.

MR. INGRAM: I'll make that motion.

MR. VANDERGRIFF: Which one?

(General laughter.)

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MR. INGRAM: I move that we approve the rules with the following modifications, amendments: on all sections with regards to ID that we add foreign consulate identification as one of the authorized forms; where it talks about current definition which is, I believe, on -- I'm not sure exactly where it is -- that the definition of current be extended to six months or newer, or six months

or less expired; and that the typographical error on page 1 9 where it says 2013 be changed to 2012. 3 MR. VANDERGRIFF: We are talking about the document which was presented to us which was the --4 MR. INGRAM: The last, yes. 5 6 MR. VANDERGRIFF: The amended one that was a separate handout. It was the corrected version with 7 8 changes shown on exhibits, so you're talking about this 9 one here. 10 MR. INGRAM: Yes. MS. JOHNSON: May I ask the maker of the motion 11 if he intends to include one of the discussions was to 12 13 allow dealers to submit an ID number for title and registration to the department but keep the copy, but 14 15 Enforcement would have to come back with rules that our 16 dealers have to maintain this information, but is that 17 something that you wanted to include as well? MR. INGRAM: Well, I believe in the last 18 19 version that we're using the dealer is not required to take it to the tax office. 20 MS. JOHNSON: That was addressed in that 21 22 version? MR. INGRAM: In this version, yes, ma'am. 2.3 MR. ELLISTON: That's correct. 24 25 MR. VANDERGRIFF: It's required to be kept.

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MR. ELLISTON: It would be required to be kept 1 2 there and they would have to provide the information on 3 the 130-U application form, the number information. MR. VANDERGRIFF: So we have a motion on the 4 5 floor that would be to approve, as changed by the 6 department and noted earlier in the day, with the amendments to include the foreign consulate ID -- I'm 7 8 assuming you're talking about any foreign consulate ID. 9 MR. INGRAM: Yes. 10 MR. VANDERGRIFF: Current six months or newer, 11 current is defined as six months or newer, and then on 12 page 9 the mistake that was made on that particular page 13 is corrected. MR. BRAY: So that it's very clear, what you 14 15 mean when you say six months or newer is you mean, for 16 example, a driver's license that is not expired for more than six months would fit the definition of current. 17 MR. VANDERGRIFF: Much better way to put that. 18 19 MR. INGRAM: It would be within the subparagraph is defined as within six months of expiration 20 date. 21 MR. PALACIOS: Mr. Chairman, I have a question, 22 it's almost a conditional. Back to these military IDs, 2.3 24 you say you've made some calls, if it turns out that it's

not quite as simple as it's been reported to you for a

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person in a foreign military to receive a driver's license, I think we'd have to make some provisions.

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MR. ELLISTON: Well, we could always come back and do an amendment to the rule, if that were the case, or you could add that on now. Any foreign ID for an individual stationed in Texas.

MR. BRAY: The language that you need to consider -- and Ms. Soldano is the genius behind this -- is the SOFA language that I think Ms. Johnson was thinking about earlier. It's the Status of --

MS. JOHNSON: Status of Forces Agreement.

MR. BRAY: Sorry. And that way if it works as has been represented to Mr. Elliston, great, they get their driver's license, if it doesn't, they're still covered under a pretty reliable process.

MR. PALACIOS: If we could insert language to that effect, I'd be satisfied.

MR. INGRAM: That would be acceptable.

MR. VANDERGRIFF: I failed to note this earlier, I do want to note it for the board, that the representative, who has been very patient here, from the Mexican Consular Office here in Austin, noted to me and I think to other members in individual conversations, that their consulate, if they set up a procedure to verify IDs, they'd be happy to do that, they would be pleased to do

that. I think I'm representing that correctly. I don't know what the disconnect there is between the inability to verify, at least the representation from one consular office here in Texas that they would be pleased to cooperate in the verification.

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MR. PALACIOS: Can I ask a question of the consulate, as well? Is this the case with all consulates throughout Texas?

MS. OJEDA: (Speaking from audience.) Yes, not only throughout Texas, throughout the whole United States.

Our system is for the whole United States, so if anybody in the agency calls us and asks us --

MR. VANDERGRIFF: You're going to have to identify yourself up here for the record. And I didn't technically close the public hearing, fortunately, but I will close it right after this. We have a motion before I close the public hearing.

MS. OJEDA: I'm Rosalba Ojeda and I'm Consul General of Mexico in Austin.

I was saying that yes, that any consular official can verify if a matricula is a current matricula, it's a valid matricula. Not only in Texas we have eleven consular offices, but we have 50 throughout the United States, and anywhere, if your authority called me and asked me if a matricula that was given in Seattle is a

valid document, I can go into my system and check it out.

All I need is the name and the number of the matricula,
and with those two things I can see if it's a matricula
that any consular office in the United States has issued.

That is very possible and it's done all the time.

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We have the police here calling us and asking us do you have a citizen such-and-such that has a matricula with this number, because sometimes the matriculas, they carry them in the pockets and they get kind of wrinkled and so on and they look like they might not be a valid document but a fake document, and we on the spot can tell them: Yes, this is a valid matricula, we have it here.

MR. WALKER: I think the question was you can only speak for Mexico.

MR. VANDERGRIFF: That's correct.

MS. OJEDA: Yes.

MR. WALKER: And I think the question was what about Colombia, what about Guatemala, what about all the other ambassador relationships here, consulates here, and I was under the impression that you cannot speak for anybody other than just Mexico.

MS. OJEDA: No, sir.

MR. VANDERGRIFF: And part of that discussion at that time was everybody tends to focus on this

particular consular card and that's 60 percent, close to, of the workers here in Texas, but that's not -- there's still a huge percentage.

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MR. WALKER: There's a huge percentage, there's probably El Salvadorans, Colombians.

MR. VANDERGRIFF: Who knows. The point is 40 percent of the total amount are not from Mexico.

MR. WALKER: So we still have a huge issue.

MR. VANDERGRIFF: Well, we tend to be focused on Mexico and we shouldn't be.

MR. WALKER: Right, I would agree with that.

MS. OJEDA: And may I add that the same requirements to issue a matricula are the same requirements we have for issuing passports, they're the same thing, valid proof of nationality which is a birth certificate, another ID with a picture, and the proof of the residence that they are in our jurisdiction. I cannot give a matricula to a guy that lives in Seattle, I can give a matricula to a guy that lives in this area in my jurisdiction. But if the guy lives in Houston, it's our offices in Houston, and if it is in Chicago, it's our offices in Chicago, so they would know that there is a valid proof of residence.

MR. ELLISTON: One other consideration, we're talking about a very manual process so if we had to do

that very frequently, it would very much slow down our
processes. Since we have no way of automating that system
would also be problematic.

MR. VANDERGRIFF: At this point, any more
questions here?

(No response.)

MR. VANDERGRIFF: I will make sure and
officially close the public hearing so we're done there.

officially close the public hearing so we're done there.

We do have a motion on the table, it has not

MR. PALACIOS: I'll second.

received a second yet from anyone.

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MR. VANDERGRIFF: We do have a second for the motion.

MS. JOHNSON: I have comments, but before I make comments or state my position on this motion, I asked early on if we could hear from the agency. The agency is making a recommendation to us on IDs, and I need to understand, I've read lots of information, we've heard from a lot of people, tell me what the intended purpose is. I think everybody needs to hear that, what you expect to accomplish. Your recommendation did not include matricula cards, so tell me what you're trying to accomplish and how you think that this particular motion could affect the agency or the vehicle drivers of Texas.

MS. BLACKWELL: One of the things we hope to

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accomplish with our electronic titling system by requiring an ID is to begin titling vehicles in an individual's legal name. Right now, as you know, I can walk into any county tax office and title a vehicle under any name I want, including nicknames, it excludes the juniors and the seniors. That's a real important factor for our new system in order to build the system that will be customercentric, we have to have the legal names. And unfortunately, unless really you're looking or you have your ID, people will leave off the middle initial, they will leave off the junior and senior, it's not part of their everyday vernacular of introducing themselves.

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So having that ID will help us ensure that we title by a legal name, which quite a few states do, and those like Virginia aren't as concerned because they have that dual database that works both for their driver's license. So that is one of the big things that we would like to be able to do with our new electronic titling system. It will also give us the ability to query properly if we do take in legal names only.

MR. WALKER: And the inclusion of consulate cards would hinder that ability?

MS. BLACKWELL: We would not be as certain without a database to verify. I can't say that it would be wrong; we would not be able to verify it.

MR. VANDERGRIFF: You'd have the majority of the customers would not be covered, whether it's on a renewal or individual first-time sales that they would be covered, but there's a percentage that would not be if, in effect, they could use a foreign consulate card.

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MS. BLACKWELL: Yes, sir, that's correct.

MR. VANDERGRIFF: Let me ask you a question, if I could, Mr. Elliston, on this particular point. What's to prevent -- assuming this motion passed, and I'm not saying it's going to, or will or will not, but assuming this passed, what would prevent the department from coming back -- we've heard a lot of testimony here today and a lot of issues raised about the impact, the commitment for working with the database, we've heard a lot of things here -- but what would prevent you from coming back in the future and saying we've looked at all these, we've presented this detailed study, we respectfully disagree with some of the conclusions that have been raised, and given it's relative to the concerns we have about having the driver's license as a primary ID, you could come back, I guess, with that.

I'll ask legal counsel this too, there's no prohibition against that. Is that true?

MR. ELLISTON: Well, if you're speaking you pass a rule today and then nothing would prohibit us from

coming back. If you don't act on the rule today, my understanding is we're at out six-month mark so we'll have to re-post and then go back through the process. Nothing would prevent that.

MR. VANDERGRIFF: Well, if the current motion passed, the two major changes -- and I'm not saying they're not major -- is the foreign consulate ID is added and the current definition is moved to the outside of six months is basically what it is.

MR. ELLISTON: The current move now to six months, I have no problem with that, the typographical error obviously is on problem. I would caution the board to be careful about passing a rule that allows a foreign consulate ID. I believe that we would see a significant increase in the fraud in our offices, particularly with our CCO process, which means that if someone gets a foreign consulate, one of the cards like I passed out there to you, and comes into our office with Victor Vandergriff's name on it, we're going to give them a CCO to your car and now we've got issues there.

That being said, philosophically, we are the keeper of the database, we're the keeper of the data for the people in the State of Texas, it's not just about one person or the other, but we keep this data for everybody. We have an obligation, and you've heard testimony here

today that people said it's not your responsibility to be concerned about that, it's your responsibility to do registration and titling. But it's also our responsibility to do everything we possibly can as the public state agency to make sure that data that we have in there is correct and that the people of Texas are protected from people who are trying to do them harm in one way or the other, and from a customer service standpoint, to make sure they have good data when they need to get it.

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So I would be very cautious in that regard.

Obviously, it's the board's prerogative to make this call.

I believe that is a huge problem for us in the realm of if we go that route that we'll have significant issues with that.

MR. INGRAM: May I follow up?

MR. VANDERGRIFF: Sure. It's board discussion at this point, the motion is on the floor.

MR. INGRAM: So what I hear the chairman saying is that if at some point we could develop data, actual data that would back up our fraud claims and our concerns, then you would come back to the board and lay it out with data that could really back it up.

MR. ELLISTON: And I don't disagree with getting data at all, don't misunderstand me, but I believe

to do the job that needs to be done on this to collect data -- you've heard from one side and you've heard from the other side, and none of us did a very good job on hitting the mark on that, probably, for you -- I believe it would take a significant investment, we would need to hire a consultant, because when you talk about economic impact, you just can't do car sales, you've got to look at insurance in Texas, you've got to look at liability things, you've got to look at property theft, you've got to look at car sales loss and economic impact from car sales. That's a huge undertaking, I think it would be a sizable cost, but if the board would like to do that.

Personally, before I would go this route, I believe we'd need to get that information but I believe the best for the agency would be to go to an outside consultant and somebody who actually is in this business who could really do a good job of putting this together. But in the meantime, we'd then need to come back immediately to try to get us something to get us back in shape with our CCOs.

MS. JOHNSON: I would like to suggest, I'm not going to support this motion and I'm not because I represent an industry of tax assessor-collectors, they overwhelmingly told me that they do not want to have to accept the matricula card, that was the topic, I have to

represent them. Although, I agree with the Honorable John Ames -- and thank you so much for coming -- it is our duty to properly register and title vehicles in Texas, we are responsible for the ABTPA and all the funds that are collected and awarded to law enforcement is our concern, so I do believe this is our concern and this is our business.

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I believe we are stepping on our toes to accept any foreign ID, and my preference would be that this then, for the board to take this path that you make it a local option by your tax assessor-collectors because there are 254 out there and I heard more that said they do not want this and you are now forcing this down their throat and I do not think that that's proper.

Also, I do believe, I fully concur with the chairman or with Mr. Ingram that we do need a report to determine if this motion passes, I don't know how you're going to measure title fraud because every single one of these reports I've read, I see title washing is a problem. I don't know if that's because of the matricula. I see title fraud as a problem, so how you get to what that is is going to be an enormous effort. But I do believe that we need to determine that, why is title fraud happening, and if it's false ID, you need to tell us it's false ID, if it's foreign IDs, we need to know it's foreign IDs, but I

do believe that study is going to have to be confirmed.

If this passes then I'd say a year from now or a year from implementation come back and tell us are there more bad titles in Texas or are there less.

MR. INGRAM: I have just one statement as far as why I'm supporting it. Obviously I made the motion, I am supporting it. But we are an appointed body, we are not the elected government of Texas. I do not feel comfortable doing anything that would cause this level of harm to the revenue to Texas. I don't know what it is, I don't know if it's \$174 million, I don't know if it's \$74 million.

MR. WALKER: Or zero.

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MR. INGRAM: I know that it's not zero. If I knew that it was zero, I would not do this, but I know that it's some number out there and it's significant. And I just feel like this is a legislature item, that this needs to be settled in the legislature. If they had known that this kind of negative impact when this bill was originally produced, it would have never got out, it would have never survived that session. So I think this is not our purview. Let the legislators who have been elected figure this out. And that's all I have to say.

MR. WALKER: But it got to us from the legislature.

MR. INGRAM: Because they did not have the data, they did not have any negative impact when they had this bill.

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MR. VANDERGRIFF: Well, the said fact, and I'm not trying to say this would have happened but in this last legislative session it seemed to be pretty clear that there was a spirit in the House and the Senate to require IDs, U.S. IDs on a number of issues, so I don't think it's necessarily appropriate for us to think one way or another how it would have happened, but I've got to note that there is that sentiment the other direction that certainly was evidenced in other matters before the body.

Having said that, for me personally, there's considerable study, I think, if you will, there are holes in what we have, it's just not certain on any direction. And I'm, like Mr. Ingram, loathe to impact business, not knowing for sure, but I'm particularly loathe, it is one thing if the agency was ready to actually do something, they're not. And this come to a core question for me is that I believe in the automated system, I believe in the direction that the agency is going, I believe that being able to tie a driver's license to a vehicle registration is an important component, I believe that is the motivation of the agency. I am sorry that it's gotten tied in a Matricula Consular card debate.

I am obviously extremely concerned that it might impact business. I will tell you that some of the information that we have is suspect to me on that and some of it is alarmingly high. I mean, literally, if a quarter of our business in the State of Texas is with people without a valid ID here, why are we not hearing a hue and cry from DPS, should we not be sounding the alarms. So there's just too many issues for me.

And I'll ask this question, I'm not asking yet for Mr. Ingram to consider an amendment, but tell me again why, from the agency's perspective, if you would, please, that delaying implementation of this beyond the August date, even tied to further information and data to come back to this board, wouldn't be enough of a security to the marketplace, the vendor community that we could go forward with the database project but not being hampered until such time as we actually can do something with this data. And I realize that doesn't address the economic issues that independent industry, primarily, has. But just tell me why that can't work from the department's perspective.

MR. ELLISTON: Well, we're operating today without it, so I'm not sure that we can say we can't operate without it. We do have a provision in statute that says we will require identification for titling and

that the board will set it, so when we drafted what type of ID, we went with ID that we thought was verifiable and all. There's no reason to have it at all if we don't have ID that we trust and we think is good ID.

Can we delay it? That's going to be the board's call. You know, operationally, I guess you could make some amendments to this, Jennifer, and cover the items we need to cover and just say we're not going to do it for the other.

MS. SOLDANO: Yes.

MR. VANDERGRIFF: Well, we're only talking one issue right now in the rule that I think there's any debate over and that's the ID issue. I'd ask this question also of Ms. Heikkila, if I could. Sorry to interrupt you. I'm not sure if she head that I was going to ask her a question. For example, let's say that we pass this rule but it had in there the requirement that at some point in time we'd require a driver's license, when the agency is in the RFP mode and going out to the industry, if there was a certainty that there is going to be a field for an ID that can cross-reference to vehicles, if there's some certainty to that and that the system is developed, could it not also be as a part of what we do, the potential to shift that number at some point to a PIN? If the marketplace knew there was going to be a requirement for a number,

could it not be flexible enough to where if it took us two years or three years or whatever it is to shift to get a PIN, that you couldn't do that at that point in time?

MS. HEIKKILA: For the record, my name is Dawn

Heikkila.

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I believe that going to a relational database means that instead of having static field streams, you're now having data tables, so the ability to update the data that's contained in the database is much easier and you have more flexibility on the length of those fields. So I don't think that changing or adding a particular data stream to the database is going to be a real complicated issue.

MR. VANDERGRIFF: And the reason I ask that is when you look at, for example, the acceptable documents in Virginia -- and please, I'm not trying to make a reference to the industry out in the audience that this is 100 percent accurate what I'm about to say -- but I think if you don't have a valid, in this case U.S. ID, in Virginia's case valid Virginia driver's license or ID, then you go to a laundry list of proof of address documents and I'm not sure -- I think but I'm not sure that that laundry list of address documents probably addresses the issues that the independent industry might have with respect to being able to sell to people that don't have valid U.S. ID if that

was appropriate, and maybe gets us out of the Matricula Consular card issue. If that's the case, then a PIN number could work. Obviously, if a driver's license is what we're looking for and that's our only option, then this proof of address stuff doesn't matter.

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But I guess what I'm driving at is if concurrently, as long as we have delayed implementation, we have passed a rule where you have the certainty to move to the market but we are going to reserve it for future study and also the timing of when we can actually do something with it. Because that's the last thing I will say is that it still continues to bother me that we're going to so something perhaps years in advance and potentially impact an industry years in advance of when we can actually enforce it or take advantage of it. We get the industry in a position to where they're collecting stuff but we don't have any ability to do anything with it until such time as Web Dealer comes up, and that could be six months, could be a year, I understand that. But again, that's all the impetus to do the research appropriately to understand what the true ramification is. Just a thought for the board and some questions, which you've answered, to the staff.

 $$\operatorname{MR.}$ ELLISTON: There is still one other piece to that and if we postpone it --

MR. VANDERGRIFF: I'm not saying postpone the rule, we'd be passing the rule.

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MR. ELLISTON: Adding the consulate cards.

MR. VANDERGRIFF: That's different. My option, I haven't asked anybody for an amendment yet, but that's different, that's delaying implementation, it's not allowing the consulate card. Because I think if you delay the implementation and had enough time to research the options, you might come to a logical conclusion of where to go and it could be that the PIN number would work which would certainly alleviate a lot of their concerns.

MR. WALKER: Well, couldn't we take and accept the document as presented today by staff and delay implementation and add consular cards at some time after we've done some research to find out what their validity is as far as to what law enforcement is reckoning to be?

MR. ELLISTON: You know, we can always amend the rule at a future date and so add or subtract different types of identification, so that's not a problem. That's the board's will and decision; if you want to delay implementation, that's going to be strictly up to you.

MR. VANDERGRIFF: Well, but the practical effect of implementation delay is almost nonexistent because we're not in a position to really do anything with the data at this point in time.

MR. ELLISTON: Well, do have the piece of if 1 2 you're requiring identification for the reduction of some 3 fraudulent activity, so you do have that piece that you won't have whatever time period you're in that delay to 4 wait on it. 5 6 MR. WALKER: By allowing the consular cards. MR. ELLISTON: Yes. 7 MR. WALKER: By not allowing the consular cards 8 until a later date, we wouldn't be into that problem. 9 10 MR. ELLISTON: That's correct. And under the old CCO law, just so you know, it 11 required a U.S. photo ID, but when the law changed and let 12 13 the board set it, that's no longer there. MR. VANDERGRIFF: Well, I understand and there 14 15 seems to be no dispute that we're okay to do that, and I 16 realize you do have a good point but that point exists 17 today, under the old rules it still existed and it didn't seem to be a killer there, so I would be comfortable 18 19 amending the rule to cover that. MR. WALKER: Randy, has the rule been amended 20 or was there just a proposal to amend on the 60 days or 21 six months -- I know there's no six months, but the 22 current rule before us right now has valid driver's 23

license, is that what it says?

MS. JOHNSON: Current.

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MR. WALKER: And DPS's interpretation, that's 1 their identification card, their interpretation -- Brett, 2 3 you're shaking your head. MR. BRAY: Well, I interrupted you, but if 4 you're going where I think you are, this department is 5 6 defining what current driver's license means for this department's rule, not DPS. 7 MR. WALKER: But my question is what's DPS's 8 interpretation of current, do we know? 9 10 MR. ELLISTON: Well, that's what we're trying to 11 check on. We thought it was six months. Now, I saw a document earlier that looked like if you have an expired 12 13 driver's license and you go into the DPS office, as long as it hasn't been expired for more than two years, they 14 15 will go ahead and process you. 16 MR. INGRAM: Can I modify my motion? 17 MR. ELLISTON: But that's only for that one thing. 18 19 MR. BRAY: But that's for going in and getting your license renewed. If I get stopped on the highway, 20 that doesn't help me a bit. 21 MR. WALKER: That's what my question is. 22 Ιf you were a DPS officer, if my driver's license in my 2.3 24 pocket today is ten days expired and you stop me on the side of the road --25

MR. INGRAM: A nice officer would probably let you off.

MR. ELLISTON: Being the nice that I am, if I talked to you for a few minutes, I'd probably write you a ticket.

MR. VANDERGRIFF: So you're saying you get to know Johnny, you'll write him a ticket?

(General laughter.)

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MR. ELLISTON: But let me say that's not -what we're focusing on is a document that gives us good information, expired, unexpired, but to ensure that it's good, you want one that is as current as you possibly can so that address and that type of thing are updated for you. Because if you go two years, the transitory people that we have today, you know, all of us move around, I move around, so that address changing and things like that is important. So I'm not concerned about the expiration from any legal standpoint other than I believe it's important for our system and the people of this state to have good information in that database. So whether it's 60 days, six months, a year, as long as that information is good, then we're all good. I'm not concerned is it expired from any kind of enforcement effort, if that makes sense, but if you let that go too long, the reliability begins to degrade.

1	MR. VANDERGRIFF: A question to follow up on
2	something I said earlier, if I could. Can you tell me
3	this I don't mean this as a trick question is it
4	correct that to get a GDN number you cannot use a
5	Matricula Consular card?
6	MR. ELLISTON: I was going to bring that up.
7	MR. VANDERGRIFF: Okay. Tell me why.
8	MR. ELLISTON: I don't know.
9	MR. VANDERGRIFF: Now, wait a minute, I don't
10	like that answer.
11	MR. WALKER: Wait a minute. Ask the question
12	again because I didn't understand your question.
13	MR. VANDERGRIFF: You have a general
14	distinguishing number.
15	MR. ELLISTON: To be a car dealer.
16	MR. VANDERGRIFF: To be a dealer you have to
17	have that, you have to have a GDN to be a dealer.
18	MR. ELLISTON: That's correct. You cannot use
19	a matricula card and it's your general distinguishing
20	number as a car dealer.
21	MR. VANDERGRIFF: And you say you don't know.
22	Would there be somebody on your staff that might, or
23	Brett?
24	MR. ELLISTON: Brett may can tell you. Is Bill
25	here?

1	MR. VANDERGRIFF: I released him to do other
2	business and he's got to come back.
3	MR. ELLISTON: I do know that that's in the
4	rule that way that the ID that's required does not allow
5	for a matricula card.
6	MR. VANDERGRIFF: Currently.
7	MR. ELLISTON: That's correct.
8	MR. VANDERGRIFF: But I'd just like to know
9	why.
10	MR. BRAY: I hope Bill will remember because
11	it's been a long time, but I believe that some of the
12	justification for that rule and it was a rule was
13	the notion that I believe we were concerned about
14	literally who was going to own and operate a car
15	dealership in Texas.
16	MR. VANDERGRIFF: Well, we can go into another
17	question.
18	MS. JOHNSON: While you're avoiding that
19	answer. If he can't remember, I can take it.
20	MR. BRAY: I can't remember.
21	MS. JOHNSON: I've heard it said that it doesn't
22	impact anything if we don't implement for a while and we
23	could do this today and we could change our minds later
24	when you bring us more data, but I'm going to tell you
25	from the TAC standpoint, I have 20 people on my front line

and I have eight people in management, and telling them what to do and then we write policy and drive back down there, if you implement this maybe and then you're going to go back and change it again, I'm going to tell you that we are going to have nightmares in our offices.

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And I'm also going to tell you that this is going to impact other forms of identification that I accept in my office for all the other work that I do, and I'm doing alcohol and beverage permits and I'm doing property taxes and I'm doing voter registration, which that won't be an issue for voter registration because we're not even allowed to ask for identification for voter registration, you just sign an affidavit that you're telling the truth. But then we can't prosecute anybody for fraud or perjury because residency issues in Texas. I mean, it's just the laws are so weak, it's bad as it is.

So if you're going to flip-flop on this, from a county tax office perspective, you're going to create nightmares for our office and a training issue constantly, and it's going to be confusing for our customers and the general public, period. It's going to be very difficult, we need some consistency for those customers that are out there.

MR. INGRAM: And I'd like to follow up on that just real quickly, that's one reason why it's important to

not throw it out there as a maybe, maybe not, we're going to delay it, might happen, might not. Because right now we have all these different tax offices that are interpreting however they want to interpret what's going on, so you've got some tax offices that are not doing it, some that are. It's really confusing from a dealer perspective, is my tax office going to take this, are they not. It needs to be this way and then if you come up an alternative, come back and we'll change it.

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MR. ELLISTON: That's a very good point, and I failed to mention earlier, the tax assessors across the state want some guidance. They want us to tell them, as a general rule -- there probably are a few that don't -- for the general rule they want us to set some standards so they have something to go by. And just quite frankly, there are car dealers that do too because they've got tax assessors asking them to do things that are really way outside the bounds of anything we're going to pass. So that's another aspect of getting a rule in place that it will be beneficial to them and it's beneficial to the dealerships, and it's also beneficial to the people of Texas to know when they go into an office what are they going to have to do.

MR. BRAY: Back to your question, I don't know if it's going to be fair to try to answer it off the cuff,

but I have asked for the rule file because it will have 1 whatever documentation there was and what the reason, the 3 justification for that was. So eventually I'll have an answer for you but I don't know if it will be timely. 4 MR. VANDERGRIFF: Okay. Thank you. But the 5 6 fact remains that whatever reason --7 MR. BRAY: There's a documented reason in a 8 file upstairs. 9 MR. VANDERGRIFF: -- for whatever reason, to get a GDN you cannot rely on a Matricula Consular card. 10 MR. BRAY: Yes, sir. 11 12 MS. JOHNSON: And again, I can support this 13 motion if we make it a local option for the tax assessorcollectors that don't really want options. I would prefer 14 15 that so that if Galveston County doesn't want to accept 16 it, that's our decision. Maybe I don't have a cooperative 17 consulate, maybe I don't have law enforcement who can assist me, but I think every area is very different. 18 19 MR. PALACIOS: Ms. Johnson, doesn't this fly in the face of your other committee, though, where you're 20 trying to come up with consistent standards? 21 MS. JOHNSON: Absolutely, which is why we 22 decided not to take this up as an issue because we thought 2.3

that the board was going to make a decision. But I think

that what we're going to end up is this is going to end up

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on standards because there's other things, and I'm guilty of not obeying one of our rules right now on the copy of the registration receipt for property tax homestead exemptions. So there's going to be those of us who are going to ignore this because we don't want to do this.

MR. WALKER: Well, my son went in to go get his homestead exemption and it requires not a copy of his electric bill or gas bill in Harris county, it requires a copy of a valid car registration.

MS. JOHNSON: In Harris County they charge \$2 or \$2.50 for that.

MR. WALKER: And it has to show his correct address as being the home where he lives in in order for him to get the homestead exemption. That's why ID are critical to correct addresses.

MR. VANDERGRIFF: Mr. Elliston, another question for you on this. I know this is unofficial but I think the tax assessor-collectors, if I remember correctly, the department did just kind of reach out to them unofficially, but I believe roughly two-thirds said they supported an ID requirement and one-third did not. Is that fair?

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MR. ELLISTON: If I remember correctly, it was about 194, yes, did not want to accept the matricula card, and then the rest of them said we would or it didn't make

any difference. We didn't get a hold of a couple of them. 1 MS. JOHNSON: That's pretty much in line with 2 what I discovered. 3 MR. VANDERGRIFF: That's kind of a two-4 thirds/one-third. 5 6 MR. WALKER: We have done a study, then, of tax 7 assessors. 8 MR. VANDERGRIFF: My remembrance of it, it was just kind of a quick check. 9 10 MR. ELLISTON: It was a telephone call to all of them asking the question. 11 MS. JOHNSON: So we're going to have this 12 13 conversation and we're going to have this debate. MR. WALKER: Can we call for a vote? 14 15 MR. VANDERGRIFF: You can call for the question 16 on the motion as made here which was to approve the staff 17 proposal with three additional changes in it: that was with foreign consulate ID added, that the current six 18 19 months on the new, and on page 9 that the typographical mistake was corrected -- I'm sorry -- the current ID would 20 be valid if it was -- or would be invalid -- I'm not sure 21 I want to say valid or invalid, but it's six months 22 beyond. 2.3 24 MR. BRAY: You're wanting to say an ID is still current six months after it expires. 25

1	MS. BLACKWELL: Thank you very much. I'm
2	tongue-tied on that one.
3	MR. ELLISTON: Could I ask one question? Can
4	we clarify CCOs versus regular titles? Can we do that,
5	Brett?
6	MR. BRAY: The movement and the second can do
7	that. Are you asking if that's what they meant?
8	MR. VANDERGRIFF: Basically separate that out
9	from this issue.
10	MR. ELLISTON: I think separate it out because
11	I don't think that was in the original motion.
12	MR. VANDERGRIFF: It was not.
13	MR. ELLISTON: It was just on the ID question,
14	and if we're going to go that direction, then the CCOs,
15	the board may want to consider carving that one a little
16	differently.
17	MR. VANDERGRIFF: I would ask, Mr. Ingram,
18	would you accept an amendment that would, as the
19	department has currently been doing, require a valid U.S.
20	ID to issue a CCO?
21	MR. INGRAM: Well, first of all, the simple
22	answer is yes. I think it's a standard which I think is
23	probably what you're maybe alluding to in a minute.
24	MR. VANDERGRIFF: I think he was just trying to
25	state it.

MR. INGRAM: Well, I think that your position 1 is, Randy, that most or much of your fraud is handled in 2 3 the CCO section and that's where you think that maybe you could -- is that why you're wanting that? 4 MR. ELLISTON: Well, there was a time period a 5 6 previous director from myself said the law said at that 7 time it had to be a photo U.S. ID and that was exempted 8 and they said they would take matricula cards, and we had a significant issue in some of our offices with that. 9 10 we rescinded it and the local office that was having that particular problem, the auto theft folks said that dried 11 up almost immediately. So that's why we believe we have 12 13 good evidence that that is a problem for us. MR. INGRAM: If it's an agency desire, then I 14 15 have no problem with that, it would be up to Randy. 16 MS. JOHNSON: It's under vehicle registration under this rule so does CCO fall under that? It's a 17 different section. 18 19 MR. BRAY: Yes, there is a separate section even in this proposal. 20 MS. BLACKWELL: It's the title section. 21 MR. ELLISTON: There's two sections affected by 22 this: one is the title and one is the registration. 2.3 24 MR. VANDERGRIFF: I know we had a call for the 25 question, but I'm going to ask one more because I don't

know where we are on this. On the one issue on the foreign consulate ID, if this whole motion passed with three of the four amendments but did not have that consulate ID issue in, so where would we be today if that issue was not addressed? The rule passes except the fact of the requirement of the U.S. ID was just basically not decided, that means that one issue has to come back up, if it comes back up at all, and how long do we have to wait?

MR. BRAY: How long do you have to wait?

MR. VANDERGRIFF: Can you re-post immediately?

MR. BRAY: Yes.

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MR. VANDERGRIFF: So it just takes several months for it to go through the process.

MR. BRAY: Not really -- well, some months, but out of this long discussion, assume that we don't have to come back and ask or permission to publish, we'd just draft something and publish or not, depending on if there's supposed to be a study. I mean, it can as long as or as short as you want.

MR. VANDERGRIFF: But best case scenario, you're talking two months for it to come back up here if you published it next month.

MR. BRAY: Well, as was pointed out to me, it's going to have to take long enough for this section to get finalized and become effective before we can republish.

MR. ELLISTON: Which is 30 days. 1 MR. BRAY: Actually, it's 20, I think. 2 MR. ELLISTON: Okay. Then we'd have about 30 3 days out. 4 MS. JOHNSON: But not 30 days in the August 1 5 6 implementation that's being proposed. 7 MR. ELLISTON: No. 8 MR. BRAY: I think you could see it as early as June or July. 9 10 MR. ELLISTON: The rule would be passed, it would just be the implementation date then. 11 12 MS. JOHNSON: Thank you. 13 MR. VANDERGRIFF: Well, the concern that I have is that I've heard enough here today to be sufficiently 14 15 confused about everybody's position but yet sufficiently 16 concerned about stepping on anybody's position, so it's hard for me to sit and pass blanketly that this ID should 17 be used, not so much because of the fraud question but 18 19 because of the need of the department for a standardized 20 database, and I think that the State of Texas has indicated it wants to go that direction to us through the 21 22 legislature. The flip side of that is I'm loathe to kill 2.3 24 anybody's business, and I don't know that that isn't being

done and I'm not sure we've had proper discussion of that.

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And I think that Mr. Ingram makes a point that the legislature needs to be apprised of that because they are the ultimate elected officials and they will blame us, and in effect, blame perhaps three or four members of this board for it. I probably have three members of my board right now that if they knew what we were doing, they would be so glad they are not here. Of all the statements made today, that is the most outlandish, and I apologize to my fellow colleagues who are not here for making it.

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MR. PALACIOS: Mr. Chairman, can I add a few other things to your points there?

I think the other issues I have here in looking at this whole topic and what's not been looked at, the law of unintended consequences. If we, in fact, pass the rules as you've written them and we require titling with all the ID that you've requested, we don't know what the numbers are. You know, we saw 25 percent of all used vehicles and so forth are people that don't have this documentation. I don't know what it is, but we do know it's a large, large amount of people. Do we really believe now that these people will not drive cars and it will solve the problem, we'll have a nice database? We may have a nice database but you're going to have a lot of people that we can't account for in any way. And that's one of my main concerns.

The economic studies, I really, really don't know, and to me, it just comes back to at the end of the day what I believe you're trying to establish is to get a database, a verifiable database that we can track whoever it is, for titling purposes or whatever it may be. We all understand that, and I think there's not a single one of us here on this board that don't understand that and are not with law enforcement to do what we can to ensure that we have a good solid database.

To me, it just comes back to what gives us assurance. We know that whether it's a Texas driver's license, a matricula card or whatever it may be, there can be an incident for fraud. As the rules are now, as I understand, dealerships will receive IDs, we don't know if it's a good or a bad ID, TACs certainly won't know. Yes, the law enforcement can verify, supposedly, a Texas ID whether it's good or bad, but what I'm hearing is so can the consulate, and I think this is where the disconnect is, in my judgment. Whether or not there's adequate communication between the consulate and law enforcement, and in my judgment, that's what this all comes down to.

And it is a topic where I can see both sides, and certainly all of the time I'm going to side with law enforcement, but it comes back to what's a verifiable database, and I think that's the issue of consternation.

I keep hearing fraud, fraud, fraud involved with the matricula card, but there's fraud with other cards as well.

MR. WALKER: Mr. Chairman.

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MR. VANDERGRIFF: Call for the question.

MR. WALKER: No, I'm not going to do that.

What I'm going to do is I'm going to request that we table this because we're not sitting here with the full board to start with. We have three members not here that we can draw from their opinions. I know it's going to delay it, I know Randy doesn't want to hear this, but there's a lot of unanswered questions out there that we really don't know the answers to. I think it would be better to delay, re-post and redo this at a later date and get it right instead of erring on either side of this issue by voting on it today.

MR. VANDERGRIFF: Well, that's kind of been my point, but I would like to consider if we just took the one issue out about the foreign consulate ID being added and the rest of this rule could pass, and that one issue would then have to come back and be discussed and reposted. None of the other issues seem to have any controversy associated with them.

MR. WALKER: And I would agree with you on that, but then call for an amendment and see if we can get

it amended, but I don't think you're going to get that done.

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MR. VANDERGRIFF: Well, but if I don't get an amendment, somebody can make a motion -- you perhaps -- on the other side and see if there's a second and we can vote on that.

MR. WALKER: I'll withhold my table until you offer an amendment.

MR. BRAY: Can you explain what you mean when you say -- I'm probably the only one that doesn't understand, but when you say everything else but that one issue, what do you mean?

MR. VANDERGRIFF: Well, actually, you'd probably have to amend it to where you allowed a U.S. — the proposal calls for a valid ID, that's the statute that was passed, and it's up to this board to set what that is. This board would set it with respect to the CCO but would not set it with respect to the use of it within the database system, or for whatever reason we want to use it. It just would be for the CCO only. And that issue with respect to that card would have to — or the valid U.S. ID for all initial sales, all renewals would have to come back here to this board, it would have to be re-posted, and I would certainly feel comfortable at that point that the rest of the outside world — granted, as one of our

speakers said, that 95 percent of the people in any industry that's affected by any things we do is asleep and doesn't see it or doesn't care and react once something has become law -- but it would certainly allow appropriate study and presentation, and we could issue that one part of this rule, again, we could.

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MR. INGRAM: I'll throw out two thoughts. One is, Mr. Elliston, you made it very clear that we could add or subtract different types of ID at any time, no problem. I mean, that was just kind of like we certainly could come back at this and add or subtract IDs at a later date. And you look at the tax assessor-collectors that are out there now, if you remove this item, you're going to continue, because we have it now, you're going to continue to have mass confusion at the tax office. We are getting bombed with calls for members who do not understand the rules, that do not get what this tax assessor is asking for, why is this tax assessor doing it this way. And I know that we're working on standards, but that's going to be a while out.

And also, this is really, again -- I hate to be, if I'm being repetitive now -- it's a legislative issue.

MR. VANDERGRIFF: That very well may be. That may be the decision that we ultimately come to as a board.

I would also say that I am mindful of the significant 1 number of tax assessor-collectors that want a U.S. ID 3 only, and we're almost at a no-win situation on this particular one. From my perspective, I would prefer a 4 hard honed edge into the detail from all sides of this. 5 6 MR. INGRAM: I don't know how to remove that and also eliminate the confusion that's currently 7 8 happening now. MR. VANDERGRIFF: I don't know that the 9 confusion is there as much as it is that the rule said 10 we'd do something by September 1, or the statute did --11 12 excuse me, I'll get it right -- January 1, and we didn't. 13 Because they've been operating a certain way for a long time: some accept the documents that we've been 14 15 discussing, some do not. 16 Is that not true, Mr. Elliston? 17 MR. ELLISTON: Let me offer one thought, it may not be palatable. If we pass the rule with the amendments 18 19 we've said without the foreign ID --MR. VANDERGRIFF: Let the record reflect that 20 Mr. Walker left the room briefly, he'll be back. 21 MR. ELLISTON: -- that we commission a study, 22 we hire a consulting firm or whatever. 2.3 24 MR. VANDERGRIFF: May I ask a question to Mr.

Bray? We now have four people in the room, so can he just

25

continue as informational purposes only?

MR. BRAY: Yes.

2.3

MR. VANDERGRIFF: Okay.

MR. ELLISTON: Commission a study, try to do that as quickly as we can, but try to get somebody on board, and I think it needs to be a third party, it needs to get out of DMV and out of the TAC, TIADA, TADA realm. We need to get somebody that will give us an independent review, look at all aspects of it. I mean, I don't know how long that would take, that's going to take a procurement probably, but to do it as quickly as we can, and then come back with those details and we could always add the other card on there.

MR. INGRAM: In concept, I'm not opposed to it.

What I'm opposed to is I'm still struggling with the

dealers out there now having to deal with this ambiguity.

MR. ELLISTON: And that concerns me with the dealers and the tax assessor-collectors if we don't give them something, and I have a real concern with passing it with the foreign ID for several reasons, but I think the tax assessor-collectors are going to hammer us pretty hard, the ones who said we don't want it, that we're not listening to them either. So you're right, we're on a merry-go-round here and somebody is standing out there with a bat hitting us every time we come around.

1	MR. VANDERGRIFF: My concern is that we do not
2	have enough definition on either side of this issue to
3	give a definitive enough answer that we will not be
4	hammered from somebody, and I think that this board will
5	be the likely beneficiary of most of the heat for it.
6	I apologize, we'll have to wait for Mr. Walker.
7	If anybody has any further questions of Randy or Monica,
8	they could ask those just for information purposes.
9	MR. INGRAM: I'm pretty sure after 7-1/2 hours
LO	I've got it all down.
L1	MR. VANDERGRIFF: Think so.
L2	Since Mr. Walker is out of the room, would
L3	people like a five-minute break while we wait for him, or
L4	do you just want to sit here and wait?
L5	MR. WALKER: Were you talking about me when I
L6	was gone?
L7	MR. VANDERGRIFF: We were five seconds away
L8	from a break.
L9	MR. WALKER: I was in my car with the engine
20	started.
21	MR. VANDERGRIFF: And you felt bad and came
22	back?
23	(General laughter.)
24	MR. WALKER: Have you made any progress while I
25	was gone?

MR. VANDERGRIFF: We couldn't. You left and 1 2 kept us without a quorum. 3 MR. WALKER: Okay. MR. VANDERGRIFF: The question, I guess, for 4 Mr. Ingram is if your motion was amended to remove the 5 6 provision regarding accepting the foreign consular ID, 7 with the understanding that that would come back as early 8 at its earliest possible time frame which would probably be in two or three months, that the rule would otherwise 9 10 pass, and the requirement with respect to a valid ID, the board would be passing only one portion which would be to 11 require a valid U.S. ID for the issuance of a CCO. 12 13 MR. INGRAM: So your suggestion is that we would rip the language completely out about --14 15 MR. VANDERGRIFF: We would just not have made a 16 decision. This board says it requires a valid, a current 17 ID, we would have amended the current ID so that anything inside of six months was acceptable, and we would have 18 19 amended it to include the CCO requiring a valid U.S. ID, otherwise, we would make no comment at this point on what 20 we required. 21 I've seen Monica nod so hopefully she 22 understands what I'm saying; I'm not seeing anybody else 2.3

ON THE RECORD REPORTING (512) 450-0342

Is it necessary to still have

MR. ELLISTON:

24

25

nod.

1	the current six-month issue if we're just talking about
2	the CCO at that point?
3	MR. VANDERGRIFF: I'm pretty comfortable with
4	the fact that we need a longer requirement. I mean, the
5	board can debate that, but I'm talking about me
6	personally, I'm not asking that that be taken down.
7	MR. BRAY: I think what he's asking is do we
8	need any
9	MR. VANDERGRIFF: Well, that may be true. From
10	that perspective, maybe we don't.
11	MR. ELLISTON: For CCOs we'd just leave it as
12	it is. That was an industry request when we were going to
13	be doing it at the dealership, basically.
14	MR. VANDERGRIFF: But at the moment it's not
15	official anywhere, so would you not want that part
16	official in this document if we voted to do so, that the
17	CCO would require a valid U.S. ID, or do you want to just
18	leave all of this out?
19	MR. ELLISTON: No. I would like for it to be
20	the IDs that we have identified in the document would be
21	acceptable for CCOs.
22	MR. VANDERGRIFF: Okay. And no matter what
23	kind of ID we're accepting, it's okay to have one that
24	maybe is expired by a little bit.

MR. ELLISTON: I'm okay with that. Let's don't

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1	muddy the water on that.
2	MR. VANDERGRIFF: It's your call, Mr. Ingram.
3	MR. WALKER: It's in your ballpark.
4	MR. INGRAM: Well, I hear a pretty divided
5	board.
6	MR. VANDERGRIFF: Well, the question has been
7	called but we can vote on the motion as you presented it.
8	MR. INGRAM: Sure, why not.
9	MR. WALKER: What does that mean?
10	MR. VANDERGRIFF: That means that we're voting
11	on a motion that has the four additional requirements to
12	it.
13	MR. WALKER: Understood.
14	MR. VANDERGRIFF: All right.
15	MR. WALKER: We're voting on the original
16	amended proposal.
17	MR. INGRAM: My motion.
18	MR. VANDERGRIFF: His motion. Foreign
19	consulate ID was acceptable, the current ID six months,
20	and the CCO did require a valid U.S. ID.
21	MS. JOHNSON: And the typo corrected.
22	MR. VANDERGRIFF: Pardon me?
23	MS. JOHNSON: And the typo corrected.
24	MR. VANDERGRIFF: Yes.
25	MS. BLACKWELL: The SOFA language.

ON THE RECORD REPORTING (512) 450-0342

1	MR. BRAY: That wasn't part of it.	
2	MR. VANDERGRIFF: He accepted that, though,	
3	earlier, the CCO portion.	
4	MR. BRAY: She was talking about SOFA.	
5	MR. VANDERGRIFF: Oh, I'm sorry. We didn't add	
6	that.	
7	MR. INGRAM: That's fine.	
8	MR. VANDERGRIFF: Yes, we need to add that.	
9	MS. JOHNSON: I thought we decided we didn't	
10	need to.	
11	MR. PALACIOS: We did.	
12	MR. WALKER: Raymond did.	
13	MR. VANDERGRIFF: Okay.	
14	MR. WALKER: Call for the motion.	
15	MR. VANDERGRIFF: I am. All those in favor of	
16	the motion as read, please raise your right hand.	
17	(A show of hands.)	
18	MR. VANDERGRIFF: All those opposed.	
19	(A show of hands.)	
20	MR. VANDERGRIFF: So the motion fails three to	
21	two. Members Ingram and Palacios voted for the motion,	
22	and against the motion were Members Vandergriff, Walker	
23	and Johnson.	
24	MR. WALKER: I'd like to make the same motion	
25	this time and let's exclude the consular cards out of the	

motion. 1 MR. VANDERGRIFF: But otherwise, everything 2 else would be the same. 3 MR. WALKER: Everything else stays the same but 4 take the consular card out. 5 6 MS. JOHNSON: I'll second that motion. MR. VANDERGRIFF: We have a motion from Mr. 7 Walker and a second from Ms. Johnson. 8 MR. INGRAM: So is this the same motion as 9 10 mine? MR. WALKER: Exactly yours except we're taking 11 the matricula cards out -- or the consular cards -- I'm 12 13 sorry. MR. INGRAM: I would like to make a motion to 14 15 amend your motion. 16 MR. WALKER: Well, I'm not going to accept. MR. BRAY: First you've got to have a second. 17 MS. JOHNSON: I seconded it. 18 19 MR. INGRAM: I understand where you're going with it, Johnny, and I think that you're right. I think 20 that the cleaner way for me to proceed forward with this 21 22 is to rip out pretty much all the ID requirements for the non-CCO part. In other words, just don't specify 2.3 24 anything, and then we come back at a later date and put in the specifications. 25

1	MR. VANDERGRIFF: So at this point the board			
2	has not. Correct me if I'm wrong, but the Matricula			
3	Consular card and I keep focusing on that card because			
4	it's the only one I know the name of, I wish somebody			
5	would tell me the card for Guatemala or some other			
6	country.			
7	MR. WALKER: Just consular cards.			
8	MR. VANDERGRIFF: Okay, consular cards, because			
9	I do not want to focus on the great nation of Mexico so I			
10	don't want to focus on that. But what happens today in			
11	the real world out there? Business is still going on,			
12	nobody is being stopped from title service companies,			
13	dealers.			
14	MR. ELLISTON: Right. The tax assessor-			
15	collector decides what the ID is.			
16	MR. VANDERGRIFF: Right. They're making their			
17	own choices so we're not forcing them to make a choice			
18	either			
19	MR. ELLISTON: That's correct.			
20	MS. JOHNSON: So, Mr. Walker, was your motion			
21	removing all references to IDs except for CCOs? I thought			
22	it was as proposed.			
23	MR. WALKER: No. As proposed. All I want to			
24	take out is the consular cards.			

25

MR. BRAY: What you're saying is you want to

1	add in Mr. Ingram's other four amendments.		
2	MR. WALKER: I do.		
3	MR. VANDERGRIFF: But the status quo would		
4	exist on this issue until we could have a full board,		
5	perhaps, but more importantly, greater information before		
6	us.		
7	MR. INGRAM: When you say the status quo		
8	MR. VANDERGRIFF: Meaning the CCO.		
9	MR. INGRAM: I don't see that this is being		
10	the status quo because of the way you're isolating all		
11	these different documents. It would be the status quo if		
12	you don't identify these documents we're not talking		
13	about the CCO, we're talking about the other side. I		
14	would prefer that we just not itemize these documents this		
15	way.		
16	MR. VANDERGRIFF: Would you point to me what		
17	you're concerned about?		
18	MR. WALKER: Yes, for me too. What are we on,		
19	page 9 of 23 again?		
20	(General discussion regarding page numbers.)		
21	MR. INGRAM: Can you turn to page 9 of that?		
22	MS. JOHNSON: Which page 9?		
23	MR. INGRAM: Is page 9 the section we're		
24	talking about in terms of doing title application?		
25	MR. ELLISTON: It's in a couple of places. Yes,		
	i e		

1	9 of 23, Exhibit B, it should be there. That's where it	
2	talks about it must be a driver's license or state	
3	identification issued by a state or territory of the	
4	United States, United States or foreign passport, United	
5	States military identification card or United States	
6	Department of Homeland Security, United States Citizenship	
7	and Immigration Services, or United States Department of	
8	State identification document. Those are the itemized	
9	documents that I think you're referring to.	
10	MR. INGRAM: Right. And CCO kind of starts on	
11	page 17. Right?	
12	MR. ELLISTON: Yes.	
13	MR. VANDERGRIFF: So you're asking, basically,	
14	if you look at number 6, strike that all the way down to	
15	where it gets to CCO.	
16	MR. INGRAM: Yes, I am. I am asking to strike	
17	6 because if you want to stay the status quo, you would	
18	remove item 6.	
19	MR. WALKER: But doesn't that jut gut the	
20	entire bill the rule?	
21	MR. ELLISTON: It removes it from being a	
22	requirement to title.	
23	MR. WALKER: Isn't that really the purpose of	
24	this whole deal?	
25	MR. ELLISTON: It would be left up to the tax	

1	assessor-collector to make that determination unless we	
2	issued instructions to say you can't check IDs, basically.	
3	MR. WALKER: I'm not going to accept that.	
4	MR. INGRAM: Then my motion would need a	
5	second.	
6	MR. WALKER: He just seconded what?	
7	MR. INGRAM: I'm asking for a second. That's	
8	what I would need is a second.	
9	MS. JOHNSON: I've already seconded his	
10	original motion, so that would have to be removed.	
11	MR. INGRAM: My motion.	
12	MR. BRAY: He's talking about to amend your	
13	motion he has to have a second.	
14	MR. WALKER: Oh. He's trying to amend the	
15	motion.	
16	MR. BRAY: Yes, sir.	
17	MR. VANDERGRIFF: Can I get an understanding	
18	from perhaps Jennifer or Brett of what all is going to be	
19	struck from this if we do that?	
20	MS. JOHNSON: Nothing, if we take Johnny's	
21	recommendation.	
22	MR. VANDERGRIFF: I understand.	
23	MS. SOLDANO: I think what he's talking about	
24	is on page 9 of 23.	
25	MR. VANDERGRIFF: Right, I'm on that.	

1	MS. SOLDANO: Line 16 all the way to line 22.			
2	MR. WALKER: That's correct. He wants to gut			
3	all that out.			
4	MR. VANDERGRIFF: Twenty-two of the next page.			
5	MS. SOLDANO: Right, the next page.			
6	MS. JOHNSON: I'll withdraw my second.			
7	MR. WALKER: Hold on. I'm not amending			
8	anything.			
9	(General talking.)			
10	MR. VANDERGRIFF: One at a time.			
11	MS. SOLDANO: And then in 217.22, the			
12	registration section, he'd also be striking.			
13	MR. VANDERGRIFF: What page?			
14	MS. SOLDANO: Page 4 of 16, it's actually 4 and			
15	5, it starts at the bottom of page 4.			
16	MR. BRAY: There are three things that are			
17	going on here. One involves identification to obtain a			
18	CCO. That doesn't seem to be on the table for anyone.			
19	MR. VANDERGRIFF: I got that.			
20	MR. BRAY: One involves application for title,			
21	and the third involves application to register your car,			
22	so they're in here twice, so anything you're talking about			
23	with one, you probably want to talk about with the other.			
24	MR. VANDERGRIFF: Title and registration.			
25	Right.			

1	MS. SOLDANO: Because most initial	
2	registrations with an initial title.	
3	MR. INGRAM: Then I'll make I'm going to	
4	restate my amendment motion which is to remove the new	
5	sections added for registration and title application that	
6	specify the types.	
7	MR. BRAY: ID types.	
8	MR. INGRAM: Yes, ID types. CCO would remain	
9	in place as written. And this would establish the status	
10	quo except for CCO. Correct?	
11	MR. PALACIOS: Does it incorporate the other	
12	four amendments? I'm a little confused here.	
13	MR. INGRAM: Yes. Well, I don't know if they're	
14	necessary now if you've stripped them out.	
15	MR. ELLISTON: Right. There wouldn't be a	
16	requirement for the ID so you wouldn't have to worry about	
17	the other pieces. We could add the SOFA to the CCO. I	
18	mean, it would probably be unusual they would want to get	
19	a CCO, but they might, so might as well put it in there	
20	while we've got it open.	
21	MS. JOHNSON: I'll second.	
22	MR. WALKER: Doesn't this basically gut the	
23	entire rule? Why do the rule then?	
24	MS. JOHNSON: Because of disaster and the CCO.	
25	MR. ELLISTON: You do have the disaster piece,	

and we need to get the CCO in there. 1 MR. VANDERGRIFF: And of course, the effect of 2 3 pulling the foreign consular ID for further study has the effect of doing this gutting anyway. I mean, we basically 4 have said we're going to reserve the issue, as I 5 6 understand Mr. Walker's motion, and perhaps I'm wrong, but as I understand his motion, it is to, in essence, decide 7 8 another day with more detail what we do on that particular 9 issue. 10 MR. ELLISTON: My understanding was he had a motion to basically take the rule as it is with the 11 amendments of the six months --12 13 MR. VANDERGRIFF: No, but his motion was to take out the foreign consular. 14 15 MR. ELLISTON: Yes, to limit that one piece but 16 leave all the other in there, and Mr. Ingram is wanting to remove those others is the difference in the two motions, 17 as I understand it. 18 19 MR. WALKER: Well, I'm basically taking one of 20

MR. WALKER: Well, I'm basically taking one of his amendments off of the proposed amendment that's on the table. Okay? He's taking and going back to my proposal and gutting the ID section of the bill out of the rule. Is that not correct, Randy?

MR. INGRAM: Except for CCO.

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MR. ELLISTON: Except for CCO.

MR. WALKER: So he's gutting the ID portion of the rule.

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MR. VANDERGRIFF: I understand. But the practical effect is to get where I suggested we go if that's taken out which is that we still have not really fleshed out exactly where we should be on the ID question. I'm just making it clear for me. I see where everybody else, I'm the one in the middle here.

MR. WALKER: Our directive to get to where we got today was the intent of the legislature through a statute to take us to an ID bill, and we're gutting the intent of the legislature in the statute by doing that, in my mind.

MR. VANDERGRIFF: The only problem with that is that we never discussed this particular item in any great detail before we, as an agency, pushed to have this bill passed because we needed this. We never had a serious debate, like we have had today, on this issue. If we had, I can assure you these fine people would have already been here in droves more and this bill may not have actually gotten out of our department like this. I mean, the legislature, I do not necessarily believe, understood fully what they were getting into, I do not believe they knew that. I certainly cannot sit here with any certainty and tell you they did, and since I was the one doing most

of the talking, I can be pretty comfortable that that was not something that was discussed.

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Now, having said that, I know fairly well where at least the leaders of the legislature would be on this issue, but that doesn't give it the full breadth that they've had here today, and no one, to my knowledge, prior to today had any serious discussion about what the potential impact on business and revenue to the state would be. We do not know for certainty. There was enough muddy in that water that I'm not so sure it's very clear, but it still is there as a potential. And my concern is that we jump off the ledge one direction or another and are doing so without the full boat of information. I mean, today is the first day we've had a really serious discussion about this. We've been wanting to have this for several months but this is the first day we've had it as a board.

So me personally, and since I think I'm in the middle, I am not prepared to not have a requirement as a valid U.S. ID. I'm not convinced of the harm to the industry, but at the same time, some of the numbers they are providing are frightening in terms of the number of people that might be buying cars and how in the heck are they driving on the roads of the State of Texas. So that's my problem. But at the same time, there are serious

dollars here and I do not think this agency, if the Comptroller comes back at some point in time or the legislature and certifies that they're losing a lot of tax dollars as a result of what we did, I can guarantee you that they will grill us and not each other because of their fervor over the ID question.

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So I just think it would behoove this body to require the parties and our staff to work this a little bit more before we shoot ourselves, and I do know from Ms. Johnson's brethren, I'm not prepared to ram down their throats when two-thirds of them believe that the Matricula Consular card or other forms of non U.S. ID, they don't want to take it and they're not going to be required. So this needs a little more direction, and that direction could be that we just say this needs to be a legislative decision, this is too high an issue for this body to deal with, unless they tell us to deal with it regardless. So that's my own personal opinion.

So I guess with that in mind, given as I understand it, I voted against the motion as proposed by Mr. Ingram because I felt like it was pushing the consulate ID question out there when we weren't fully vetted, and now as I understand it, his amendment would keep us from going the other direction, and failing to accept that amendment or vote for that amendment would

1	push the ID question out there without a full resolution
2	on the side of those whose business could be harmed. So I
3	would have to vote for the amendment, go with the
4	amendment as proposed by Mr. Ingram, which by my
5	definition would indicate that we maintain the status quo
6	on the license requirement until such time as we convene
7	back on this, but that we do push it forward with respect
8	to the valid U.S. ID on the CCO.
9	So with that, I would call for a vote on the
10	amendment as proposed by Mr. Ingram. All those in favor
11	please raise their right hand.
12	(A show of hands.)
13	MR. VANDERGRIFF: All those opposed.
14	(A show of hands.)
15	MR. VANDERGRIFF: The motion carries three to
16	two, with Members Ingram, Vandergriff and Palacios vote
17	for it, and Members Walker and Johnson vote against it.
18	And with that, I would call for a vote on the
19	original motion as amended by Mr. Ingram's motion. All
20	those in favor of that motion as amended please raise
21	MS. JOHNSON: I'm confused. Are we talking
22	about Mr. Walker's motion, original motion?
23	MR. VANDERGRIFF: Yes, Walker's original
24	motion.
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MS. JOHNSON: Which was to exclude the consular

1	card, to adopt it as it was written.	
2	MR. VANDERGRIFF: It takes out the language	
3	which it basically, in my opinion, preserves the status	
4	quo.	
5	MS. JOHNSON: I thought that that's what you	
6	just voted on and passed.	
7	MR. INGRAM: We passed my amendment.	
8	MR. VANDERGRIFF: He did not accept the	
9	amendment so we had to vote on an amendment to amend his	
10	proposal.	
11	MS. JOHNSON: So now we're talking about	
12	stripping it back to zero.	
13	MR. VANDERGRIFF: On that point, but adding the	
14	CCO requirement with the valid U.S. ID.	
15	MR. WALKER: We just voted on the amendment.	
16	MR. VANDERGRIFF: That's correct.	
17	MR. WALKER: So you voted to accept the	
18	amendment to my proposal.	
19	MR. VANDERGRIFF: That's correct.	
20	MR. WALKER: And now you're voting on my	
21	proposal with the amendment.	
22	MR. VANDERGRIFF: That's correct.	
23	MR. WALKER: Call for the vote.	
24	MR. VANDERGRIFF: All those in favor please	
25	raise your right hand.	

1	(A show of hands.)			
2	MR. VANDERGRIFF: All those opposed.			
3	(A show of hands.)			
4	MR. VANDERGRIFF: The motion carries three to			
5	two, with Members Ingram, Vandergriff and Palacios voting			
6	for the motion, and Members Walker and Johnson voting			
7	against it.			
8	So we have a rule that is approved, in essence,			
9	stripped of the language regarding the ID for original			
10	sales and renewals except for the CCO.			
11	May I ask the staff again, and I want to get			
12	this on our agenda at the earliest possible date, back on			
13	this agenda. I want to make full notice to not only the			
14	industry that's here today but send out the alarm to every			
15	other direction, so what is the earliest possible date			
16	this can come back to us?			
17	MR. BRAY: As Jennifer has pointed out, we			
18	already have some rules in the works and we can add that			
19	to this to that so it can come pretty quickly. But on			
20	behalf of others here, what is it you want to see?			
21	MR. VANDERGRIFF: First off, the earliest			
22	possible date, is that 60 days?			
23	MR. BRAY: Yes.			
24	MR. VANDERGRIFF: Because I want to very			
25	clearly work with the staff to identify what I think we			

need to see based on what we saw today and get that notice out to the rest of the world. I do not think, I was not convinced -- I'm looking at the industry -- I'm not convinced by your presentation about the damage. I think that juggling the numbers, I'm not saying you did it, but was somewhat shaky, and that's my personal opinion, I'm not speaking for the rest of the board, but from my opinion I think there has to be more validity to it.

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I am convinced about the need for an ID of some sort with the department. I think that the fraud question for me is rife with peril for anybody to rely on it. My apologies to the Mexican Consulate or to that card. It seems like there's enough information given to us today that there's lots of problems out there. But I understand the desire to have a valid U.S. ID for the purposes of the system, and so I think we have to really understand with some degree of certainty -- and maybe that's with an outside third party -- of what the economic harm is to the Sate of Texas and to the industries we serve.

MR. BRAY: What I'm trying to ask is, we're going to have to actually write something to get published.

MR. VANDERGRIFF: That's why I'm talking. So hopefully, from this and the conversations we've had here today, we can continue to work on crafting something that

gets out there.

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MR. ELLISTON: Can I make a recommendation that as part of the language that's going to be posted and the items that we have previously listed as acceptable that we put that foreign consular ID card on there as a posting, because if we want people to know about it, we want feedback and all that, we ought to stick it in there so that it's out there for public comment. Because I believe we didn't get a lot of comment last time because there were a lot of people that were very happy with what we had in the document, and so we need to make sure that it's out there so that everybody knows what we're looking at. Does that make sense?

MR. VANDERGRIFF: Yes.

MR. INGRAM: Is it possible -- it may not be possible, but is it possible to provide some direction to the tax assessor-collectors that it was not -- in none of the versions that came up today, it was never our intent to have the dealers required to have their file ID brought to the tax? Can we possibly get that out in some type of broad form?

MR. ELLISTON: That it wasn't out intent?

MR. INGRAM: To be required to bring a copy of the photo ID to the tax assessor office to transfer the title.

MR. ELLISTON: As we amended what we brought to 1 2 you today so that they just kept it in the deal jacket. 3 MR. INGRAM: Right. So I'm just trying to get the confusion out. 4 MR. BRAY: Well, I don't see us putting out 5 6 press releases, but we'll certainly write the rules in conformity with what's been discussed, and the preamble 7 8 will explain that pretty thoroughly. 9 MR. INGRAM: Okay. MR. ELLISTON: And we can get that information 10 11 out to them, that won't be a problem. MR. INGRAM: Okay. Just trying to eliminate 12 13 some of the confusion. MR. WALKER: There's no requirement tomorrow to 14 15 go transfer a title. I can walk in there and say I'm 16 Billy Bob Smith and transfer a title tomorrow. MR. ELLISTON: 17 That's going to depend on the tax assessor-collector. 18 19 MR. VANDERGRIFF: But that would have been the case even if we'd passed the rule as presented, it wasn't 20 going to be effective until August. So as a practical 21 purpose, if we had have passed it today, it wouldn't be 22 effective till August, so if we get on the stick and work 2.3 24 on this thing, it might still fly and not be too far

behind that, if that's what this board as a body chooses

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to do. 1 MR. BRAY: That raises another question. 2 the whole rule effective, did you make the whole rule 3 effective August? 4 MS. SOLDANO: No. It's just titling and 5 6 initial registration. 7 MR. BRAY: So the good news is the board is 8 coming away, as we enter hurricane season, with having 9 passed something that actually can help counties if we get 10 hit by a hurricane. Thank you. 11 MR. VANDERGRIFF: 12 MS. JOHNSON: Thank you. 13 MR. VANDERGRIFF: One other thing that I think is important that needs some weigh-in from DPS is that 14 15 literally if we are registering as many cars as has been 16 said here today in the State of Texas, there's a disconnect somewhere. 17 We've got this fraud argument, we've got these 18 19 people buying cars without a license, and we've got a whole lot of people driving cars on the road; I'm having a 20 hard time understanding how to connect the dots on these 21 22 There's something missing here. numbers. MR. WALKER: Yes, there sure is. 2.3 MR. VANDERGRIFF: So I'd like to understand 24

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that.

1	MR. WALKER: What do they say: numbers don't			
2	lie, liars fake numbers?			
3	Would you entertain a motion to adjourn?			
4	MS. JOHNSON: Not yet, not until I have my			
5	moment of personal privilege.			
6	On Wednesday next week, beginning at 9:30, DMV,			
7	TDLR and DPS will be in Galveston at the courthouse for a			
8	meeting to discuss issues like this, including mechanic's			
9	liens, bonded titles, all the issues that we're hearing,			
10	recyclers, salvage dealers, all of that is going to be			
11	discussed at about 12:30.			
12	It's a short day. We've got hotel rooms on the			
13	Seawall for 60 bucks a night, it's pretty good. So we			
14	would like to invite anybody who is interested to please			
15	attend.			
16	MR. ELLISTON: Monica will be there.			
17	MS. JOHNSON: Excellent.			
18	MR. VANDERGRIFF: And with that, seeing no			
19	further business, I would be pleased to entertain a motion			
20	to adjourn.			
21	MR. WALKER: I will make that motion.			
22	MR. VANDERGRIFF: We have a motion from Mr.			
23	Walker.			
24	MR. PALACIOS: Second.			
25	MR. VANDERGRIFF: We have a second from Mr.			

1	Palacios.	
2		All those in favor please raise your right
3	hand.	
4		(A show of hands.)
5		MR. VANDERGRIFF: We are adjourned.
6		(Whereupon, at 4:51 p.m., the meeting was
7	concluded.)

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MEETING OF: TxDMV Board

LOCATION: Austin, Texas

5 DATE: April 12, 2012

I do hereby certify that the foregoing pages, numbers 1 through 310, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

04/24/2012

(Transcriber) (Date)

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